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# TOBACCO PRICE SUPPORT

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HEARINGS  
BEFORE THE  
SUBCOMMITTEE ON TOBACCO  
OF THE  
COMMITTEE ON AGRICULTURE  
HOUSE OF REPRESENTATIVES  
EIGHTY-SIXTH CONGRESS  
SECOND SESSION  
ON  
**H.R. 9664**

(Similar Bills: H.R. 9665, H.R. 9666, H.R. 9667, H.R. 9668,  
H.R. 9669, H.R. 9670, and H.R. 9671)

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JANUARY 14, 26, AND FEBRUARY 3, 1960

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## TOBACCO PRICE SUPPORT

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THURSDAY, JANUARY 14, 1960

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON TOBACCO  
OF THE COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 2:10 p.m., in room 1310, New House Office Building, Hon. Watkins M. Abbitt (chairman of the subcommittee) presiding.

Present: Representatives Cooley (chairman of the committee), Abbitt, McMillan, Bass, Jennings, Matthews, Stubblefield, Short, and Pirnie.

Also present: Senators Jordan and Cooper; Representatives Fountain, Lennon, Tuck, Bonner, Kitchin, Jonas, Hull, Whitener, Alexander, Forrester, Hardy, Mrs. Blitch, Siler, Poff, Chelf, Hemphill, Spence, Hogan, and Watts.

Mrs. Christine Gallagher, clerk; Hyde Murray, assistant clerk; and John Heimbarger, counsel of the Committee on Agriculture.

Mr. ABBITT. The meeting will please come to order.

We have called this meeting in order that we might hear from the tobacco industry.

We are very hopeful that under present conditions the situation is such that we can get legislation that will be of benefit to the entire industry.

We understand that the tobacco industry is well represented, and we will call on their representative or representatives.

First, we will hear from the chairman of the full committee, Mr. Cooley.

Mr. COOLEY. All I wish to say is that I am very glad to see such a fine-looking delegation of the tobacco industry here today.

Last year we tried to do something to improve the situation, but, unfortunately, the bill was vetoed.

The proposal that is now being submitted, I understand, has been thoroughly discussed and considered for many weeks.

I think that we can shorten the meeting by hearing first from Mr. Fred Royster, of the industrywide committee. And with him is Mr. Burl St. Clair. I suggest that you recognize Mr. Royster first, and then have Mr. Royster identify all of the people who are here interested in the proposal.

Mr. ABBITT. We are very glad to have Mr. Royster, and we are very glad to have Mr. St. Clair here. We are delighted to have all of you people present who are interested in this industry. We appreciate your coming.

Will you identify those represented, and who is here with you? We will be glad to hear from you now.



STATEMENT OF FRED ROYSTER, COCHAIRMAN, TOBACCO  
INDUSTRY COMMITTEE

Mr. ROYSTER. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, and other Members of the Congress, we are, indeed, grateful for your presence here on this occasion. We note with sincere appreciation the very splendid attendance of the Members of Congress.

As has already been indicated we have for a period of time in the industry been discussing proposed tobacco stabilization legislation. I am very happy to report that insofar as I am informed I think that we are in complete agreement as to the advisability of the passage of this proposed legislation.

The resolution which has been adopted by the industry committee is very brief. I believe that the members have a copy before them. I should like, Mr. Chairman, just to read that.

Mr. ABBITT. We will be very happy to have you do so.

Mr. ROYSTER. It is a resolution unanimously adopted by the tobacco industry committee, dated January 9, 1960, and reads as follows:

We recommend that tobacco legislation be enacted (1) to maintain a continuing program in tobacco and (2) to stabilize the price support of tobacco to prevent its spiraling to a decline in prices of other agricultural commodities. We recommend that the tobacco support level in 1960 be the same as in 1959 and that in subsequent years the support prices be adjusted from the 1959 level in direct proportion to changes in prices paid by farmers for commodities purchased, using the previous 3-year moving average as a base.

That is the resolution. And attached to that is a list of some 35 organizations. In connection with that I shall be glad, at the wishes of the Chair, to read them, or to do otherwise, whatever would suffice in the interests of time.

Mr. COOLEY. I suggest that you read them out loud, so that the record will show that these organizations and individuals are supporting the proposal.

Mr. ABBITT. I would like you to do this, to give us information as to those who are here.

Mr. ROYSTER. I shall attempt to do so.

The American Farm Bureau Federation is represented.

The Burley & Dark Leaf Tobacco Export Association is represented.

The Burley Auction Warehouse Association is represented.

The Bright Belt Warehouse Association is represented.

The Flue Cured Tobacco Cooperative Stabilization Corp. is represented.

The National Grange is represented.

The National Farmers Union is represented.

The Burley Leaf Tobacco Dealers Association is represented.

The Plant Food Institute of North Carolina and Virginia is represented.

The Association of Dark Tobacco Dealers & Exporters is represented.

The Connecticut-Massachusetts Tobacco Cooperative, Inc. As to them I have a telegram that they would be represented. I understand now that they are represented.



The National Cigar Leaf Tobacco Association is next, and in that connection I should like to say that in formulating this list I thought it advisable to be guided by the organizations that were sponsors of the legislation in 1959. These people, so far as I know, have not been contacted. I want to make that clear, but I did not think that it would be expedient for the cochairman to delete their name without their knowing so, but I would like for that to be made clear.

The Kentucky Farm Bureau is present.

The Burley Tobacco Growers Cooperative Association of Kentucky is present.

The Western Dark-Fire-Cured Tobacco Growers Association of Kentucky is present.

The Stemming District Tobacco Association is present.

The Burley Stabilization Cooperative of Tennessee is present.

The Eastern Dark-Fire-Cured Tobacco Growers Association of Tennessee is present.

The South Carolina Farm Bureau is present.

The South Carolina Grange is present.

Next is the South Carolina Tobacco Warehouse Association, and I should like to say, Mr. Chairman, that I have discussed the matter thoroughly with Mr. Fowler, executive secretary of that association. He is not here due to illness, but he expresses his concurrence in this proposal.

The Georgia Farm Bureau is present.

The Virginia Farm Bureau is present.

The Virginia Farmers Union is present.

The Virginia Burley Tobacco Growers Association is present.

The North Carolina State Grange is present.

The North Carolina Farm Bureau is present.

The Farmers Federation Cooperative of North Carolina is not present.

The same statement with regard to the National Cigar Leaf Association would apply to the Northern Wisconsin Cooperative Tobacco Pool, Inc. And the Wisconsin Tobacco Growers Association.

And likewise, the Cigar Tobacco Cooperative of Ohio.

The Maryland Tobacco Cooperative is present.

The Maryland Farm Bureau is present.

And the previous statement would apply to the Leaf Tobacco Board of Trade, New York City.

Mr. Chairman, that completes the list of organizations.

And at this time, I refer you to Mr. St. Clair for any statement that he has to make. And then I would assume that any of these representatives of the various organizations will have an opportunity to present any views that they wish to present.

Mr. ABBITT. I thank you very much. The Chair will be glad to have Mr. St. Clair make a statement or any comment that he may desire.

#### STATEMENT OF BURL ST. CLAIR

Mr. ST. CLAIR. Thank you, Mr. Chairman.

As was indicated by the report of Mr. Royster a number of State farm bureaus have been a part of the committee which was listed. Not only have those State farm bureaus, as indicated, adopted the

resolution that has been read, but they have, also, through their policy development process taken this through to the national level. And the American Farm Bureau, likewise, has adopted the policy embodied in the resolution read here.

So in order to indicate the interest of the American Farm Bureau Federation, I would like to suggest that the Chair recognize Mr. John C. Lynn as spokesman for the American Farm Bureau Federation at this time.

Mr. ABBITT. We are very glad to have you here with us, Mr. Lynn. We will be pleased to hear from you now.

#### STATEMENT OF JOHN C. LYNN, AMERICAN FARM BUREAU FEDERATION

Mr. LYNN. Mr. Chairman, I assure you that this is of much greater pleasure than we had less than a year ago when we seemed to be divided on this issue.

I can say that on behalf of all of the States that we are in full accord with this. The process that we had hoped for has happened; in that the tobacco industry down in the States has discussed this issue, after it was brought to a head here before your committee last year and has really come to grips with this problem in a magnificent way.

We want to do everything we can to make sure that this legislation passes.

We appreciate very much the courtesy you have shown in calling this hearing.

Thank you.

Mr. ABBITT. Thank you very much.

Is there anyone else that you want to have heard?

Mr. ROYSTER. Not specifically. As I indicated a moment ago, Mr. Chairman, I am sure that you will afford the opportunity to any of these gentlemen who desire to be heard. I am sure that the Chair realizes this presentation has been brief, but, frankly, we think that the proposition is well understood. We will be delighted to make any explanation that is further desired.

Mr. COOLEY. May I ask you a question? As I understand it, we have here a proposal for a change in the base period. We have done that, at least once or twice.

I understand the present proposal is to change the base period and to use the 1959 crop year and the subsequent 2 years to determine the support level; in other words, you have a 3-year period?

Mr. ROYSTER. Mr. Chairman, you are correct. We have changed the base period twice in the history of the program.

You are also correct in saying, as I understand it, that we are establishing 1959 as a new base period.

The recommendation would set the 1960 support price the same as the support price was in 1959.

Then beginning with 1961 we would take the average of the cost of the things that the farmers buy, indexed for the preceding 3 calendar years.

Mr. COOLEY. That would be 1958, 1959, and 1960?

Mr. ROYSTER. It would be 1958, 1959, and 1960. And you would take it, as I have indicated, for the 3 calendar years. The price support beginning with 1961 would be adjusted upward or downward in relation to the index.

Mr. COOLEY. You would use that in your calculations only as they related to the 3 previous years, rather than to the other periods. In other words, if the index goes up of the prices that the farmers pay, then the price support would go up?

Mr. ROYSTER. That is right.

Mr. COOLEY. And likewise, if the index goes down, then the price support would go down?

Mr. ROYSTER. That is correct, sir.

Mr. COOLEY. There is one other question that I want to ask.

Do you think that there is any possibility of a question of breach of good faith being involved with the farmers who voted in the referendum?

Mr. ROYSTER. Very definitely I do not think that there is any breach of faith question involved in the referendum that has been held on this program. I think it is keeping complete faith with them. I am sure that this proposal, if it is enacted into legislation immediately will inure to the welfare of the tobacco growers.

Mr. COOLEY. In other words, it will not be to the disadvantage of the tobacco grower, but you and all of this group think and agree, that it will be to their material advantage?

Mr. ROYSTER. I am quite sure of that, Mr. Chairman.

Mr. COOLEY. Have you any objection to this proposal from any source in the tobacco industry?

Mr. ROYSTER. I have not heard of any objection from any source among the growers and the sellers of tobacco.

I am not sure just what the situation is, but there may be some difference of opinion among some of what we refer to as the dealer group. And in that connection I should state—I failed to do so at the time that they were listed—the Leaf Tobacco Export Association is listed here as one of the sponsors of this legislation and at this moment I do not know just what their position is.

Mr. COOLEY. I will make my position clear. I am in agreement with you and your associates in giving consideration to this proposal. But I think that it would be very unfortunate for this committee to bring tobacco legislation to the floor of the House unless we can pass it, or at least hope to pass it, by unanimous consent.

I think it is a compliment to those who are interested in the program and those who have operated the program that we have been successful in passing legislation. I would dislike very much to come to the floor of the House if we are going to have any controversy about any phase of it.

I hope that if there is anyone here now who opposes this, he will stand up and speak out forthrightly and tell us how he stands.

Mr. BASS. I am not sure yet, until I get the facts—I cannot tell whether I am for or against it.

Mr. COOLEY. The facts are here.

Mr. BASS. As soon as you get through I will ask a couple of questions.

Mr. COOLEY. You can do that right now.



Mr. BASS. Mr. Royster, is this the same bill that we passed last year that was vetoed?

Mr. ROYSTER. No, Congressman Bass. The bill differs in some respects.

Mr. BASS. Tell me exactly what the differences are in this proposal and the one that we passed last year.

Mr. ROYSTER. I think one primary difference is, as you will recall, the legislative bill that was passed last year provided for the price remaining the same as the 1958 support level unless and until the old parity formula, or the modernized formula took it beyond that.

Anyway, the old formula is what we are talking about. I think the universal opinion of that was that that would result in a price level remaining the same for a period of several years, probably as much as 3 or 4 or 5 years.

Mr. BASS. All right. Tell me what this bill will do? Will this base it on the 1959 average?

Mr. ROYSTER. Based on the 1959 support level.

Mr. BASS. I understand that.

Mr. ROYSTER. That would be changed as the index of the things that the farmer buys in the course of production move upward or downward.

Mr. BASS. Based on what?

Mr. ROYSTER. Based on the 1959 index.

Mr. BASS. What I am asking about is the cost average, where do you get that—it is not in the parity formula?

Mr. ROYSTER. As I understand it, you would take the present index which, I believe, is 298, and that would be your base. That is the 1959 index.

Mr. BASS. But if the cost of what the farmer buys goes up, based on this 3-year average, is that what you are talking about?

Mr. ROYSTER. Yes.

Mr. BASS. If that goes up, then the price of tobacco can go up?

Mr. ROYSTER. Yes.

Mr. BASS. If it goes down, the price of the tobacco can go down?

Mr. ROYSTER. That is correct.

Mr. BASS. So far as 1960 is concerned it will be pegged for support at the level it is in 1959?

Mr. ROYSTER. That is correct.

Mr. BASS. Now would this price for 1960 be higher or lower than it would have been under the bill that we passed last year?

Mr. ROYSTER. It would be higher?

Mr. BASS. I have no further questions.

Mr. ABBITT. Are there other questions?

Mr. LENNON. At the meeting that was held down in Raleigh last week you were interviewed by the press, and you cited, at least, three instances which you say are justification for the passage of this type of legislation. I wonder if, for the record and for the information of some of those here, if you would enlarge on that or, at least, get in the record your answer as to the two or three major practices, why this was considered necessary.

Mr. ROYSTER. I will be happy to do so.

The first is that this proposal eliminates the 10-year moving average which, I think, everyone in the tobacco industry was in agreement in 1959 and still is in agreement is bad.

Secondly, it would eliminate the relating of the prices received by the producers of the other basic commodities reflected into the price support for tobacco which, as you well know, those prices have trended downward. It has the effect of raising the price supports for tobacco.

I think, again, that everyone in the industry was agreed that that was not wholesome and should be eliminated.

They are the two basic factors that are achieved.

Mr. LENNON. I want to thank you for that explanation.

I think the factor last mentioned is in itself justification for this legislation that is being brought forward now to this Committee on Agriculture. I think that justification will explain it to the growers. I am sure that it will be explained to them, and they will readily see and understand that in the original concept of price support that it was not intended that the tobacco growers should get an advantage over the other four basic commodities.

Mr. ROYSTER. I agree with your statement.

And I might say that this proposal has been—I would say, certainly, insofar as the area that I am more familiar with, the Flue-cured area—been thoroughly discussed and thoroughly understood.

Mr. LENNON. I have one other question. Do you have before you a proposed bill which would cover this?

Mr. ABBITT. I might interpose here. We had hoped that we would not get into the makeup of the bill now.

Mr. LENNON. I had assumed that you would. That was the reason I asked the question.

Mr. ABBITT. We hoped that in our later meetings of the subcommittee we can do so. Now we want to get the general idea of the industry.

Mr. LENNON. Permit me to ask if he has read that proposed bill, and if that meets the criteria of this resolution.

Mr. ROYSTER. I have read it. I was present when it was being considered in its preparation. I think it does do what the proposed resolution is intended to do.

However, may I say, if the Congressman knows, I am not an expert in that field.

Mr. LENNON. I think you are.

Mr. ROYSTER. Thank you.

Mr. ABBITT. Does anybody in the audience wish to be heard at this time? Give us your name and whom you represent.

#### STATEMENT OF WALTER HASTY, JR., OF NORTH CAROLINA

Mr. HASTY. Mr. Chairman and members of the committee, and Members of Congress, I am representing Mr. Blunt of Greenfield, N.C., who is on the board of directors of the North Carolina State Merchants Association, Tobacco Division, which is associated with the board of directors for Tobacco Associates for Virginia, North Carolina, Georgia, and Florida divisions.

I would like wholeheartedly to endorse this legislation that has been proposed.

We feel that a price "freeze," as I might term it, on the support level, based on the 1959 support level, hinged to the cost index of the materials that farmers have to purchase in order to produce this crop,

is sound economic reasoning. And we think that it will work, and that it is for the best interests of our farmers.

And we in North Carolina, and in the areas that I represent, are very much in favor of it. The farmers that I have talked to are. Our entire salvation is dependent upon the tobacco program.

We want wholeheartedly to endorse Mr. Royster and Mr. St. Clair in the work that their subcommittee has done in proposing this legislation.

Mr. ABBITT. Thank you very much.

Mr. BASS. Mr. Royster, he used a word here that I did not get from you. This is not a "freeze," is it?

Mr. ROYSTER. No, sir.

Mr. BASS. It is stabilization.

Mr. HASTY. It is to stabilize it, yes. I used the wrong word.

Mr. ROYSTER. We are delighted to have the North Carolina Merchants Association interested in this. We appreciate their appearance.

Mr. ABBITT. Mr. McMillan would like to say a word.

Mr. McMILLAN. We have Mr. Williamson with us, and I should like to hear from him.

Mr. ABBITT. Mr. Williamson, would you care to make a statement at this time?

#### STATEMENT OF FRANK WILLIAMSON, SOUTH CAROLINA FARM BUREAU FEDERATION, INC.

Mr. WILLIAMSON. Mr. Chairman, members of the committee, and Members of Congress, I will just make a statement from right here. I have a statement from Mr. Agnew, president of the South Carolina Farm Bureau Federation, Inc., from which I should like to read an excerpt which is as follows:

Using the immediate 3-year prior average of prices paid to farmers as a basis for increasing or lowering the support price for tobacco after 1960 would be quite acceptable to growers of flue-cured tobacco because they are willing to tie support price to the cost of production.

Mr. ABBITT. Thank you very much, Mr. Williamson.

Mr. McMILLAN. I have a letter from Mr. E. H. Agnew, president of the South Carolina Farm Bureau Federation, Inc., and a statement by myself, which I should like to have incorporated into the record.

Mr. ABBITT. They will be incorporated into the record at this point.

(The letter dated January 11, 1960, and the statement by Hon. John L. McMillan, are as follows:)

#### STATEMENT OF HON. JOHN L. McMILLAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Mr. Chairman, members of the House Agriculture Committee, I heartily favor the proposed legislation under discussion by this group appearing before our committee today.

We all fully realize that if we are to recapture and maintain our foreign tobacco market, we must stabilize the price of tobacco at some point. The foreign tobacco companies as well as the companies in this country must purchase tobacco for the future since it is necessary for all tobacco to be aged to a certain extent before it is manufactured into cigarettes.



I believe that industry, the tobacco grower, the warehousemen, and all parties concerned are in agreement on the provisions contained in this bill and I certainly hope that since the tobacco program has proven to be so successful and workable, that no one will object to the passage of this proposed legislation. I am hoping that this bill can be placed on the Consent Calendar and that there will be no objection from any source even though the President vetoed a similar bill last year. We are only hoping that he has recognized his mistake by vetoing the Jennings bill last year and will sign the bill we expect to send him at the very earliest possible date for his signature.

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SOUTH CAROLINA FARM BUREAU FEDERATION, INC.,  
*Columbia, S.C., January 11, 1960.*

Hon. JOHN L. McMILLAN,  
*House Office Building, Washington, D.C.*

DEAR JOHN: Attached is a copy of the American Farm Bureau Federation resolution on tobacco adopted in Chicago in December and which is the official policy on tobacco for 1960.

At a meeting of representatives of all segments of the tobacco industry in Raleigh, N.C., last Saturday, January 9, unanimous support was voiced for the implementation of this policy.

It remains to be seen whether the Secretary of Agriculture and the administration will support this policy.

I understand that representatives of all segments of the tobacco industry, the American Farm Bureau Federation and perhaps USDA are to appear next Thursday, January 14, before a joint session of the Senate and House Agriculture Committees to voice their opinions with regard to implementation of this policy by way of appropriate legislation.

Implementation of this policy would be to effectively accomplish the purpose intended by the Jennings bill at the last session. The language of a bill prepared to implement this policy will vary slightly from the language of the Jennings bill but the end purpose is identically the same—that is, to stabilize the support price of price supported varieties of tobacco so as to avoid the upward spiraling effect caused by lower prices for other farm commodities.

Using the immediate 3-year prior average of prices paid to farmers as a basis for increasing or lowering the support price for tobacco after 1960 would be quite acceptable to growers of flue-cured tobacco because they are willing to tie support price to the cost of production.

Since we are confident that all members of our South Carolina congressional delegation will support this proposition with the same vigor that they did support the Jennings bill, the South Carolina Farm Bureau Federation sees no good purpose in sending a delegation to the meeting next Thursday to voice our hearty endorsement of the implementation by legislation of the policy expressed in the attached resolution.

We would be pleased to have this letter made a part of the record.

Kindest personal regards and best wishes for a most successful new year.

Yours sincerely,

E. H. AGNEW, *President.*

RESOLUTION ON TOBACCO—ADOPTED BY THE AMERICAN FARM BUREAU FEDERATION,  
DECEMBER 17, 1959

Recognizing that producers of the price-supported varieties of tobacco have shown a much greater willingness and ability to adjust production to market demand than the producers of most other price-supported commodities, we continue to support the tobacco program.

We recommend that tobacco legislation be enacted (1) to maintain a continuing program in tobacco and (2) to stabilize the price support of tobacco to prevent its spiraling due to a decline in prices of other agricultural commodities. We recommend that the tobacco support level in 1960 be the same as in 1959 and that in subsequent years the support price be adjusted from the 1959 level in direct proportion to changes in prices paid by farmers for commodities purchased, using the previous 3-year moving average as a base.

RESOLUTION UNANIMOUSLY ADOPTED BY TOBACCO INDUSTRY COMMITTEE,  
JANUARY 9, 1960

We recommend that tobacco legislation be enacted (1) to maintain a continuing program in tobacco and (2) to stabilize the price support of tobacco to prevent its spiraling due to a decline in prices of other agricultural commodities. We recommend that the tobacco support level in 1960 be the same as in 1959 and that in subsequent years the support price be adjusted from the 1959 level in direct proportion to changes in prices paid by farmers for commodities purchased, using the previous 3-year moving average as a base.

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ORGANIZATIONS SUPPORTING PROPOSED TOBACCO LEGISLATION

Interstate organizations: American Farm Bureau Federation, Burley and Dark Leaf Tobacco Export Association, Burley Auction Warehouse Association, Bright Belt Warehouse Association, Tobacco Associates, Flue-Cured Tobacco Cooperative Stabilization Corp., National Grange, National Farmers Union, Burley Leaf Tobacco Dealers Association, Leaf Tobacco Exporters Association, Plant Food Institute of North Carolina and Virginia, Association of Dark Tobacco Dealers and Exporters, Conn-Mass Tobacco Cooperative, Inc., National Cigar Leaf Tobacco Association.

Kentucky: Kentucky Farm Bureau, Burley Tobacco Growers Cooperative Association, Western Dark-Fire-Cured Tobacco Growers Association, Stemming District Tobacco Association.

Tennessee: Burley Stabilization Cooperative, Eastern Dark-Fire-Cured Tobacco Growers Association.

South Carolina: South Carolina Farm Bureau, South Carolina Grange, South Carolina Tobacco Warehouse Association.

Georgia: Georgia Farm Bureau.

Virginia: Virginia Farm Bureau, Virginia Farmers Union, Virginia Burley Tobacco Growers Association.

North Carolina: Farmers Federation Cooperative, North Carolina Grange, North Carolina Farm Bureau.

Wisconsin: Northern Wisconsin Cooperative Tobacco Pool, Inc., Wisconsin Tobacco Growers Association.

Ohio: Cigar Tobacco Cooperative.

Maryland: Maryland Tobacco Cooperative, Maryland Farm Bureau.

New York: Leaf Tobacco Board of Trade, New York City.

Mr. ABBITT. Does anyone else wish to be heard?

STATEMENT OF TOM ALLEN

Mr. ALLEN. Mr. Chairman and members of the committee, the National Grange Committee of our State met yesterday morning and passed a resolution endorsing this program and asked me to bring that information here.

Mr. ABBITT. Thank you very much.

Does anyone else wish to be heard?

STATEMENT OF DORSEY MATTHEWS

Mr. MATTHEWS. Mr. Chairman and members of the committee, and Members of Congress, I speak for the tobacco committee of the Georgia legislature, as a member of the agricultural committee of that legislature. And in special session yesterday we met with a number of farmers throughout the State, and with the legislative committee of the Georgia Farm Bureau Federation and they wholeheartedly endorse this legislation. They are wholeheartedly for it, and everything that is being done.

Mr. ABBITT. Thank you very much.



I might say that a number of us have received communications, and have been trying to get the necessary language put together, and we hope that we have it in shape. I want to assure you that while we have it available today, we would like to wait until Monday before introducing it.

I have copies for anybody who would like to see it. You can have a copy now. There may be some little change that we may want to suggest between now and Monday.

The House does not meet tomorrow and it could not be introduced until Monday. The subcommittee members and those of the full committee would like to get this bill introduced and to get a report on it.

Mr. DURHAM. Is the farm index a rigid one, or is it a flexible one—one that can be changed from time to time?

Mr. ROYSTER. Congressman Durham, I am informed by the experts behind me that it was revised and brought up to date as of January 1, 1950.

Mr. DURHAM. Then we will know in the bill the list of commodities that the farmer, of course, has to purchase under it?

Mr. ROYSTER. That is correct.

Mr. HEIMBURGER. That is correct. May I add to that that the cost factor which is provided in the bill—the cost of things that the farmer buys—is defined and stipulated in the Agricultural Adjustment Act of 1938. The particular commodities which make up the list of things going into the cost of what that the farmer buys is calculated from time to time by the technical people in the Department of Agriculture, so that it is a more or less up-to-date list of the things that the farmer is required to buy. As was pointed out, the latest revision became effective last January 1 and resulted in some changes in the parity at that time.

Mr. ABBITT. Mr. Vance of the Virginia Farmers Union will now be heard.

#### STATEMENT OF JOHN VANCE, VIRGINIA FARMERS UNION

Mr. VANCE. Mr. Chairman and members of the committee, and Members of Congress, I would like to make a short statement. I am president of the Virginia Farmers Union. I am authorized to speak for the National Farmers Union.

I would like to say that the pending legislation, or, the proposed legislation, has been thoroughly considered by the National Farmers Union and it has our 100-percent endorsement.

Mr. ABBITT. Thank you very much.

Mr. WATTS. This average index of prices paid by the farmers is the index that for a number of years has been used in calculating the parity?

Mr. HEIMBURGER. This is what is known as the parity index, which has been used since 1949 to compute parity.

Mr. WATTS. It has changed a time or two?

Mr. HEIMBURGER. The things that go into it are changed from time to time. The legal definition and the legal existence is the same as it has been since enactment of the Agricultural Act of 1949.

Mr. WATTS. This is not something that is dreamed up for this particular piece of legislation—something that the Department of Agriculture figures every year and has for a number of years; is that it?

Mr. HEIMBURGER. They compute it monthly and then work it out to an annual average. And it has been done under the same general formula since 1949.

Mr. WATTS. There will be no change in the way that they work it out?

Mr. HEIMBURGER. No, sir; none whatever.

Mr. ABBITT. Does anyone else desire to be heard?

#### STATEMENT OF JACK SPAIN, ADMINISTRATIVE ASSISTANT TO SENATOR ERVIN

Mr. SPAIN. Mr. Chairman and members of the committee, Senator Ervin asked me to come over here, because it was not possible for him to do so, because of business in the Senate. He wanted to let all of you folks know that he was ready to do so, if it had been possible. He is quite interested in this.

Mr. ABBITT. We know that the Senator is very much interested in this.

Does anybody else want to be heard?

#### STATEMENT OF REV. EDWIN T. WILLIAMS

Reverend WILLIAMS. Mr. Chairman and members of the committee, I have talked to a lot of farmers in the State of Virginia.

I feel that this is something that the farmers themselves will be pleased with. And I feel that it will be of help to them, because I have gained that impression in talking with a lot of the farmers.

Mr. ABBITT. We are delighted to have you here and are always glad to hear from you.

We should like to hear from you, Senator Jordan.

#### STATEMENT OF HON. B. EVERETT JORDAN, A U.S. SENATOR FROM THE STATE OF NORTH CAROLINA

Senator JORDAN. Mr. Chairman and members of the committee, and Members of Congress, I am glad to see this group of citizens here interested in this subject, from my State, as well as the other people from the other States.

I will be most happy to cooperate with you in introducing this bill, with Senator Cooper as a cosponsor of this bill, which will be a nonpartisan bill, in the Senate.

I think that we can get it passed all right. I will be glad to work with you in any way I can, and I am sure that Senator Cooper will.

Mr. ABBITT. Thank you very much.

Senator Cooper, do you have any statement to make?



STATEMENT OF HON. JOHN SHERMAN COOPER, A U.S. SENATOR  
FROM THE STATE OF KENTUCKY

Senator COOPER. I thank you, Mr. Chairman, for inviting us to this meeting.

I do not think that I can add much to what my friend, Senator Jordan, has said.

I might say with my colleague we will be glad to cooperate in any-way possible.

Mr. ABBITT. Thank you.

Do you want to be heard?

STATEMENT OF DAVID BATTAGLIA

Mr. BATTAGLIA. I represent Senator Kefauver. He regrets that he could not make the meeting today, but he is very much interested in this hearing.

Mr. ABBITT. Thank you.

Is there anyone else who should like to be heard?

STATEMENT OF MARSHALL CAIN

Mr. CAIN. Mr. Chairman, Senator Thurmond is very much interested in this legislation and asked to be represented here.

I, also, brought along a copy of the letter that Congressman McMillan has introduced into the record, so it will not be necessary for me to do so.

Mr. ABBITT. Thank you very much.

Is there anyone else?

STATEMENT OF THOMAS CHADWICK

Mr. CHADWICK. Mr. Chairman and members of the committee, Senator Johnston asked that I express his regret that he could not be here, but he is vitally interested in this legislation.

Mr. ABBITT. Thank you very much.

We have been very glad to have heard from the members of this industry committee. We appreciate having this information. I assure you that we will do our very best to give it expeditious attention.

If there is nothing further, the hearing is adjourned.

(Whereupon, at 3 p.m., the subcommittee recessed, to reconvene subject to the call of the Chair.)



# TOBACCO PRICE SUPPORT

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TUESDAY, JANUARY 26, 1960

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON TOBACCO  
OF THE COMMITTEE ON AGRICULTURE,  
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:15 a.m. in room 1910, New House Office Building, Hon. Watkins M. Abbitt (chairman of the subcommittee) presiding.

Present: Representative Abbitt, McMillan, Bass, Jennings, Matthews, Stubblefield, Dague, Short, and Pirnie.

Also present: Senator Jordan, Representatives Fountain, Lennon, Watts, and McIntire; Mrs. Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; and John Heimburger, counsel.

Mr. ABBITT. The meeting will come to order.

This hearing this morning is regarding several bills that have been introduced to stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm costs.

We had a preliminary hearing some few days ago in which the industry spokesmen outlined their views. Since that time, members of the subcommittee and others who are interested, both in the Senate and in the House, have tried to write a bill that they hope will be of help and satisfactory to everyone.

I realize that most of us here have heard the views of the industry, but I think that it would be well first to hear from the representatives of the industry as to whether, in their opinion, the bills carry out what they have in mind.

(H.R. 9664 follows:)

(Similar bills are: H.R. 9665, H.R. 9666, H.R. 9667, H.R. 9668, H.R. 9669, H.R. 9670, and H.R. 9671.)

[H.R. 9664, 86th Cong., 2d sess.]

A BILL To stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That title I of the Agricultural Act of 1949, as amended, is hereby further amended by adding at the end thereof a new section 106, as follows:

"SEC. 106. Notwithstanding any of the provisions of section 101 of this Act: (a) For the 1960 crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be the level at which the 1959 crop of such kind of tobacco was supported, or if marketing quotas were disapproved for the 1959 crop of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect. (b) For the 1961 crop and each subsequent crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be determined



by adjusting the support level for the 1959 crop of such kind of tobacco, or if marketing quotas were disapproved for the 1959 crop of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect, by multiplying such support level for the 1959 crop by the ratio of (i) the average of the index of prices paid by farmers, including wage rates, interest, and taxes, as defined in section 301(a) (1) (C) of the Agricultural Adjustment Act of 1938, as amended, for the three calendar years immediately preceding the calendar year in which the marketing year begins for the crop for which the support level is being determined to (ii) the average index of such prices paid by farmers, including wage rates, interest, and taxes for the calendar year 1959."

SEC. 2. Section 101(e) of the Agricultural Adjustment Act of 1949 (63 Stat. 1051; 7 U.S.C. 1441(e)) and section 2 of the Act of July 28, 1945, as amended (59 Stat. 506; 7 U.S.C. 1312 note) are hereby deleted.

Mr. ABBITT. First, I might say that Mr. Lynn, of the American Farm Bureau, called me this morning and said that he could not be present until later. He said that it might be about 11:30. He asked that I have his statement read in the record.

I ask unanimous consent that the statement be read in the record at this point. I might add that Mr. Lynn is appearing for the American Farm Bureau Federation and several State farm bureaus, and recommends the bill that has been introduced.

(The prepared statement of John C. Lynn, legislative director, American Farm Bureau Federation, follows:)

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION REGARDING H.R. 9664  
AND SIMILAR BILLS RELATING TO PRICE SUPPORT FOR TOBACCO

(Presented by John C. Lynn, legislative director)

The American Farm Bureau Federation, representing 1,602,117 farm families in 49 States and Puerto Rico, has a vital interest in helping develop sound programs for agriculture.

During the past several years Farm Bureau members in the tobacco-producing States have wanted to improve the tobacco price support program. They have discussed the problems confronting tobacco growers with Farm Bureau leaders in States where no tobacco is produced, but where there is a keen interest in the principles that are to guide price support policies and programs. As a result of discussion at the county, State, and National level, the following policy was adopted by the elected voting delegates of the member State farm bureaus, at the 41st annual meeting of the American Farm Bureau in Chicago in December.

"Recognizing that producers of the price-supported varieties of tobacco have shown a much greater willingness and ability to adjust production to market demand than the producers of most other price-supported commodities, we continue to support the tobacco program.

"We recommend that tobacco legislation be enacted (1) to maintain a continuing program in tobacco and (2) to stabilize the price support of tobacco to prevent its spiraling due to a decline in prices of other agricultural commodities. We recommend that the tobacco support level in 1960 be the same as in 1959 and that in subsequent years the support price be adjusted from the 1959 level in direct proportion to changes in prices paid by farmers for commodities purchased, using the previous 3-year moving average as a base."

Under this recommendation, price support for the marketing quota types of tobacco would be at the same dollars-and-cents level in 1960 as in 1959.

In 1961 and subsequent years the 1959 support level would be adjusted upward or downward to the extent that a 3-year moving average of the index of prices farmers pay interest, taxes, and wage rates, deviates from the index figure for 1959.

H.R. 9664 and similar bills carry out the policy as outlined above. We support this legislation and urge its enactment into law.

*Application of recommendations to Flue-cured and burley tobacco*

|                      | <i>Cents<br/>per<br/>pound</i> |
|----------------------|--------------------------------|
| 1959 support prices: |                                |
| Flue-cured.....      | 55.5                           |
| Burley.....          | 57.2                           |
| 1960 support prices: |                                |
| Flue-cured.....      | 55.5                           |
| Burley.....          | 57.2                           |

*Illustrative computation of 1961-62 support prices*

|                              | <i>Index of prices<br/>paid, interest, taxes,<br/>and wage rates<br/>(1910-14=100)</i> |
|------------------------------|----------------------------------------------------------------------------------------|
| 1958.....                    | 293                                                                                    |
| 1959.....                    | 298                                                                                    |
| 1960.....                    | <sup>1</sup> 308                                                                       |
| 3-year average, 1958-60..... | 300                                                                                    |

<sup>1</sup> Assumed for illustrative purposes only.

On the basis of the above illustrative figures, the 1961 adjustment factor would be 1.01, since the indicated 3-year (1958-60) index average of 300 is 101 percent of the 1959 index of 298.

Therefore, 1961 support prices would be the 1959 support price of 55.5 cents times the adjustment factor of 1.01, or 56.1 cents for Flue-cured, and the 1959 support price of 57.2 cents times the adjustment factor of 1.01, or 57.8 cents for burley.

In 1962 the adjustment factor would be computed on the basis of the relationship of the 1959-61 average index of prices paid, interest, taxes, and wage rates to the 1959 base. For example:

|                              | <i>Index of prices<br/>paid, interest, taxes,<br/>and wage rates<br/>(1910-14=100)</i> |
|------------------------------|----------------------------------------------------------------------------------------|
| 1959.....                    | 298                                                                                    |
| 1960.....                    | <sup>1</sup> 308                                                                       |
| 1961.....                    | <sup>1</sup> 312                                                                       |
| 3-year average, 1959-61..... | 306                                                                                    |

<sup>1</sup> Assumed for illustrative purposes only.

In this case the adjustment factor would be 1.03, since the indicated 3-year (1959-61) average index of 306 is 103 percent of the 1959 index of 298. On the basis of the above illustrative figures, the 1962 support prices would be the 1959 support price of 55.5 cents per pound times the adjustment factor of 1.03, or 57.2 cents for Flue-cured, and the 1959 support price of 57.2 cents times the adjustment factor of 1.03, or 58.9 cents for burley.

The purpose of Farm Bureau's recommendations is to stabilize support levels for tobacco against disruptive fluctuations and the upward bias that has resulted from interaction of the modernized parity formula and existing programs; but to permit adjustments for changes in farm costs.

A 3-year moving average of the prices-paid index will tend to be more stable than yearly or monthly figures. This is illustrated by the following data:

| Year      | Index of<br>prices paid,<br>interest,<br>taxes, and<br>wage rates<br>(1910-14=100) | 3-year moving average |         |
|-----------|------------------------------------------------------------------------------------|-----------------------|---------|
|           |                                                                                    | Years                 | Average |
| 1950..... | 256                                                                                |                       |         |
| 1951..... | 282                                                                                |                       |         |
| 1952..... | 287                                                                                | 1950-52               | 275     |
| 1953..... | 277                                                                                | 1951-53               | 282     |
| 1954..... | 277                                                                                | 1952-54               | 280     |
| 1955..... | 276                                                                                | 1953-55               | 277     |
| 1956..... | 278                                                                                | 1954-56               | 277     |
| 1957..... | 286                                                                                | 1955-57               | 280     |
| 1958..... | 293                                                                                | 1956-58               | 286     |
| 1959..... | 298                                                                                | 1957-59               | 292     |

It is important that we continue to review the tobacco program for the purpose of insuring that the price support and adjustment provisions of the law meet the needs of tobacco producers in this ever changing domestic and foreign situation.

Mr. ABBITT. Our next witness will be Mr. Fred Royster, who is the cochairman of the Tobacco Industry Committee.

Will you come forward at this time, Mr. Royster? We shall be delighted to hear from you.

#### STATEMENT OF FRED ROYSTER, COCHAIRMAN, TOBACCO INDUSTRY COMMITTEE

Mr. ROYSTER. Thank you, Mr. Chairman and members of the committee.

We appreciate the opportunity of appearing this morning to present our views on the proposed legislation which would stabilize the support prices for tobacco.

I should like to say that Mr. St. Clair, cochairman of the Tobacco Industry Committee, is not present this morning because of an engagement that he made some months ago. Immediately after I learned of this hearing I contacted Mr. St. Clair by telephone, and he asked me to explain his absence. However, Mr. Jack Welch, who is chairman of the tobacco committee of the Kentucky Farm Bureau—Mr. St. Clair being the president of the Kentucky Farm Bureau—is present, and I would be honored if he were permitted to come forward and sit with me.

Mr. ABBITT. We are delighted to have you here, Mr. Welch. We are always pleased to have you give us the benefit of your views.

Mr. ROYSTER. I would observe that he is not the second team quarterback of the team to Mr. St. Clair. They are alternate quarterbacks.

I have examined, gentlemen, the legislation. I have discussed it with other members of the industry committee. It is our opinion that the legislation does achieve the proposal that was submitted to the Members of Congress on Thursday of a week ago.

I do not know, Mr. Chairman, how much detail you would like for us to go into, whether or not the matter is well understood by the tobacco committee, as to what we are trying to do; whether the record is already sufficient in that respect; and that it would suffice with the statement that I have made that we think that the legislation does do what we intend it to do.

Mr. ABBITT. I think the record is fairly clear what you had in mind, but there are some members of this subcommittee who may not be quite as well acquainted with the matter as others; therefore, it might be well if you would state just as briefly as possible what it does, and then there may be members of the committee who desire to ask some questions.

They might have some thoughts in their minds on this legislation.

Mr. ROYSTER. I will be happy to do so.

I think, Mr. Chairman, probably the easiest way to get into the record what we are attempting to do would be simply to put the statement that the Tobacco Industry Committee unanimously approved on January 1, 1960, which is as follows:



We recommend that tobacco legislation be enacted (1) to maintain a continuing program in tobacco and (2) to stabilize the price support of tobacco to prevent its spiraling due to a decline in prices of other agricultural commodities. We recommend that the tobacco support level in 1960 be the same as in 1959 and that in subsequent years the support price be adjusted from the 1959 level in direct proportion to changes in prices paid by farmers for commodities purchased, using the previous 3-year moving average as a base.

As I have indicated, the proposed bill we think achieves those objectives. We think that it will bring stability to the market, which is highly desirable from the standpoint of the export trade, and also desirable from the standpoint of the domestic trade.

As the proposal suggests, the bill provides after 1960 when the support price would be changed upward or downward in direct relationship to the fluctuation or movement in the index of the things that the farmer must buy to produce the crop.

We think that that is an eminently fair approach to it, and that it will do much to stabilize the market in order that we might maintain our present export markets. And it is our opinion that if this legislation is passed, we will be able to increase our export markets.

I myself think that we would be able, in the case of Flue-cured tobacco, to increase it approximately 10 percent within a matter of 1 year or, certainly 2 years.

Of course, we have made quite remarkable progress in the tobacco program in 1959. We think that this attests to the soundness of the program.

In that connection, I should like to put this information into the record.

In the case of Flue-cured tobacco, the 1959 production was 1,678 million pounds.

The average price per pound was approximately 58 cents.

The Stabilization Corporation which administers the support price for the Commodity Credit Corporation received from the 1959 crop only 55 million pounds, or approximately 5 percent of the crop, whereas in 1958 they received 145 million pounds, or approximately 13 percent of the crop.

In total pounds, the receipts going under loan in 1959 were the smallest that they have ever been in the history of the program, beginning in 1946.

The stabilization sales in 1959 were 174 million pounds, which means that we had a net reduction in those stocks of 119 million pounds, or they were 17.5 percent below what they were at the end of 1958.

As of January 1, they held total stocks of 561 million pounds.

The indications now are that there will be other sales of an important nature in the not too distant future from those stocks.

As to total supplies of Flue-cured, we have reduced that by approximately 400 million pounds during the past 3 years. We are rapidly approaching the point where supplies are in line with demand.

In the case of burley, the 1959 production was just over 500 million pounds.

The average price was approximately 60 cents. The support level was 57.2 cents per pound.

Only about 2.5 percent of the burley crop was placed under Commodity Credit Corporation loan.



The cooperatives in the burley industry have had phenomenal sales during 1959. They sold approximately 200 million pounds since November 30, 1958, until that corresponding time in 1959. Their holdings now—I do not have the exact figure—are in the neighborhood of some 75 or 80 million pounds of old stock, which is at a low point, the lowest point for a number of years in the case of burley.

Burley has reduced by 110 million pounds from the peak holdings of October 1, 1955.

Exports of burley in 1959 were 35 million pounds, which is a high since the years 1953 and 1954.

Mr. Chairman, I think that those statistics verify the fundamental soundness of the tobacco program, and I repeat that if we can secure this legislation, it is the opinion of the industry that we will be on a sound, solid basis for a considerable period of time to come.

Mr. ABBITT. Mr. Royster, you have made a splendid report, and I am pleased to have it.

It is your opinion that we would be in a better position so far as our tobacco program is concerned if this legislation is enacted?

Mr. ROYSTER. Mr. Chairman, that is right; that is definitely my opinion.

I think insofar as anything can be a certainty, that is a certainty, that we will further improve our position in 1960.

It is my opinion that the domestic consumption would continue to increase in 1960.

I have already said that if we can secure this legislation, we will improve our export position in 1960.

Mr. ABBITT. Are there any questions?

Mr. McINTIRE. I have one.

Am I correct in making this observation, that within the method by which calculations are made in the parity concept that prices generally in agriculture have declined, and you found your prices being forced up?

Mr. ROYSTER. That is correct.

Mr. McINTIRE. I shall not attempt to ask you why that is. It is a fact, however, in your opinion?

Mr. ROYSTER. Well, it does work that way, Congressman McIntire, and it is not difficult to explain.

Mr. McINTIRE. No, we will accept that, because what I really want to get to is another question.

The idea of this legislation would be that you would use a factor of the 1959 price as the base?

Mr. ROYSTER. That is correct; as the support price.

Mr. McINTIRE. The support level. And then the costs to which the farmer is subjected and which he must recognize are to be the element by which the factor of this price is above or below the 1959 level?

Mr. ROYSTER. Yes, sir.

Mr. McINTIRE. These costs which are fundamental, I expect will be found in the schedule which will be used to determine the index?

Mr. ROYSTER. If I may, since the bill refers to the section dealing with that, I would like to refer your question to the counsel of the committee, who is in a better position to answer it than I am.

There are certain items that the bill states, the average index of such prices paid by farmers, including wage rates, interest, and taxes for the calendar year 1959.

Mr. McINTIRE. I was interested in this word "including," and I wonder if you would expand on that a little bit as to what the other factors might be.

Do you have an idea of what the other factors would be?

Mr. ROYSTER. As I have indicated, if it is agreeable I should like for your committee counsel to answer that.

Mr. ABBITT. Will you answer that, Mr. Heimbürger?

Mr. HEIMBURGER. Mr. Chairman, the index of prices referred to in this bill is the same index of prices which is used in computing the parity for all agricultural commodities, and there will be no differences.

Mr. ABBITT. It will not change the index?

Mr. HEIMBURGER. This refers to the index prices that are set out in section 301(a)1(c) of the Agricultural Act of 1938, which is the parity index. It is very brief. I will read it, Mr. Chairman.

The "parity index" as of any date, shall be the ratio of (i) the general level of prices for articles and services that farmers buy, wages paid hired farm labor, interest on farm indebtedness secured by farm real estate, and taxes on farm real estate, for the calendar month ending last before such date to (ii) the general level of such prices, wages, rates, and taxes during the period January 1910 to December 1914, inclusive.

The reference in the bill here to wages, rates, interest and taxes, et cetera, is mere explanatory surplusage.

The reference to subsection 301(a)1(C) in the Agricultural Adjustment Act of 1938 would have been sufficient. It is the index used to compute the parity of all agricultural commodities.

This index does contain a large number of items that the farmers buy that I am not prepared to mention in detail. I think there are over 100 of these items included in the index.

Mr. McINTIRE. The difference, then, between this method of calculation of what the price will be and the present method of calculating the support price—I mean, you go back to the parity index—where do you divert from the present method in arriving at the basic price in this bill to establish that?

Mr. HEIMBURGER. Mr. Chairman, I will undertake to do that. It is a rather complicated process. If you do not mind, I will stand up.

The present method of computing parity uses the parity index which was referred to in this bill to figure the parity price of all agricultural commodities, but to reach the parity price—I mean on the individual agricultural commodity—the moving average, the market price of the last 10 years, is factored in, so that the result that you mentioned at the start of your questioning here is achieved.

It has the effect, since parity for all agricultural commodities must be at a certain level, as indicated by the index, if the moving 10-year average for certain commodities is below that average parity figure, obviously the price of other agricultural commodities must be higher than the average, having had a higher market price in the most recent 10 years.

That is what has happened to tobacco, it having had a good market, while other commodities have been on a declining market. It has

been artificially pushed up, even higher than its market average would indicate above the general parity price.

Basically, the effect of this bill, as I see it, Mr. McIntire, is to practically put tobacco back on the old parity computation where the parity index is applied to a base price for each commodity, and each commodity is figured separately, without relationship to the others.

Mr. McINTIRE. This is preliminary to what I would like to ask specifically on that. If you are on an escalator at the present time, you are not completely off the escalator with this bill, because as the costs go up, the key to your ability to stabilize your pricing is in and around your 1959 level, in your attempt to bring this part of your relationship in line with world prices.

The key to this is the stability of these cost factors from here on out, because in the inflation of these cost factors, your prices would rise above your 1959 level and distort the picture in relation to the foreign markets, just as much, perhaps—not precisely in the same degree, but just about as much as the present formula is putting you out of position.

Is that a fair observation?

Mr. ROYSTER. I would like to offer this observation in connection with that, Mr. McIntire.

When you eliminate from the computation two things, and Mr. Heimburger has just mentioned the 10-year moving average and the relationship of it to the prices of your other basic agricultural commodities, you eliminate, certainly, the major difficulty.

As to the statement that you made, if your index continues upward, it would result in some upward adjustment of the price.

However, as a safeguard against, certainly, any substantial change in the foreseeable future, the bill provides that the index shall be taken for the 3 preceding calendar years.

That would prevent wide fluctuations in either direction, either upward or downward.

We think that this is very desirable as a feature in the bill. My understanding is that from the best information now available, that your 1961 support price would probably be identical, or substantially so, with your 1959 and 1960 support price.

We think, in the industry, that this bill will give us sufficient stability to achieve the desired result in connection, primarily, with the export market, but, of course, we are tremendously concerned with the domestic market.

Mr. McINTIRE. Thank you very much.

Mr. ABBITT. Mr. Cole, do you have anything that you would like to add to this particular explanation as presented? You might want to add something to the explanation that Mr. Heimburger just gave.

Do you have anything, Mr. Andrews?

Mr. ANDREWS. We have something to add.

Mr. ABBITT. We will be glad to hear from you.



STATEMENT OF B. G. ANDREWS, TOBACCO DIVISION, COMMODITY  
STABILIZATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. ANDREWS. Mr. Chairman and gentlemen of the committee, let me review the statistical computation. As we see this legislation that would apply for 1960 and 1961 the price-support level for Flue-cured tobacco.

Of course, the 1960 support level for flue-cured tobacco under this bill would be the same as the 1959 price-support level in dollars and cents, and that level was 55 cents per pound.

Then beginning with the 1961 crop the support level would be determined as follows: we would get the preyear moving average of the price flow paid, in the index, which includes wage rates, income taxes, and interest of the previous 3 years. That would include the annual index for 1958 which was 293, the annual index for 1959 which was 298. And at this time we do not have the annual index for 1960. So if I could use a figure that is not an official estimate, but just for purposes of explaining how the bill would work, I would use an index of 303, which is indicating a continuation of the trend that we have had for the past 5 years.

Again, that is not a projection, an official projection for 1960, by any means. I am just using it for explanation.

Then the average of those 3 years' annual index of price paid by the farmers would be 298. This would be related in direct relationship to the annual index for 1959 which was also 298.

Therefore, when you relate these two figures you get a ratio of 1 or 100 percent relationship.

The 1959 dollars-and-cents support level of 55.5 would then be changed by 100 percent, or this ratio of 1, which would mean that the 1961 price-support level would remain steady at the 1959 support level and also at the 1960 level of 55.5 cents.

Mr. ABBITT. The only way that would change would be if the 1960 estimate went up a little bit or it came down a little bit?

Mr. ANDREWS. If it went up it would change the 3-year moving average higher than the 298, which was your 1959 index, or if it went down sufficient to change your average below 298, it would reduce your 1961 price-support level.

Mr. ABBITT. The price support for 1961 would depend upon 1960 as to whether the estimate went up or down.

Mr. ANDREWS. At this time, because 1958 and 1959 are firm figures. I may add that continuing with this legislation that for 1961 and subsequent crops the 3-year average annual index of prices paid for 1961 would be the 1959, the 1960, and 1961 annual index average related again to your 1959 annual index to get this relationship to be applied back to your 1959 price-support level.

Mr. McINTIRE. I have one further question. Could I ask Mr. Andrews this question?

Mr. ABBITT. Yes.

Mr. McINTIRE. It is quite obvious from your observation that it would bring about a substantially narrower degree of variation than would be the case if you continued on the present basis of arriving at the price-support level?

Mr. ANDREWS. Yes, sir.

Mr. McINTIRE. According to the figures you have given here, 1958-59 moved up 5 points in 1959-60. So the average for 1961 would be the average for 1959. On the other hand, is it fair to say that the success of this approach in relation to the need of the tobacco industry to meet current market levels, and so forth, depends on an element of price stability in this country, inasmuch as any undue escalation of the pricing factors of the structure in this country will throw this approach out of line, having a similar effect as does the present method of calculations. In other words, machinery costs, interest, taxes, if they move up, which is only 5 points each a year as heretofore—that is 5 points, not percentage points—they would contribute to an unstable situation which will reflect an escalation of prices this year, not substantial perhaps, but certainly an escalation as is peculiar to today's present method of calculation?

Mr. ANDREWS. Yes, sir. I would say that any substantial increase in the index or the prices paid would give a minimum increase in your price-support level under that assumption.

I might add, Congressman McIntire, that this index as it has been defined for the past 12 months—and it is now on a monthly basis as well as an annual basis for the 12 months—that index has fluctuated very little.

On January 1, 1959, the index was 298. And in December of 1959 the index was 297. But for 1959 as an annual index it was 298.

And even though this index for the past 2 years has gone up, as you have indicated 5 points each a year, maybe, an average, the department has not projected what this index may do in the next few years, but if it would continue up 5 points, the provisions of this bill would minimize the change in your price support level over those years.

Mr. McINTIRE. Is it a fact that the magic in this bill in relation to stabilizing prices for the tobacco industry rests in the stability in the overall economy?

Mr. ANDREWS. Yes.

Mr. McINTIRE. Because the escalator is in here. It is in here to throw your price support out of line—not quite as much as before—but it is a fact that that escalator is in here just as much. Is that a fair observation?

Mr. ANDREWS. You say escalator. Of course, this bill may change in your price support level in direct relation to the change in the 3-year moving average of prices paid by farmers for the 1959 level of prices paid. So that in the current modernized parity, it has been said that our prices are escalating because of the effect of other facts other than prices paid by the farmers. That escalation is not in this legislation.

Mr. McINTIRE. I appreciate that. Thank you.

Mr. ANDREWS. Would you like me to add that this proposed bill does remove two of those factors within modernized parity that are boosting abnormally—I will use that word—tobacco prices, and those two factors are, first, the increasing moving average of tobacco prices, and the recent 10-year moving average prices received for all agriculture produce as they relate to each other in that relationship and therefore, by stabilizing this price at the 1959 level



and then moving it up or down only in direct relationship to the change in the prices paid by the farmers on an annual basis then that part of the escalation has been removed.

Mr. ABBITT. Thank you very much, Mr. Andrews. Congressman Watts.

Mr. WATTS. I would address myself to Mr. McIntire's first question. Under this legislation that is being proposed there would be no increase in the support price of tobacco unless the costs the farmers have to pay went up.

Under the law as it exists today if the price that the farmer has to pay for the commodity that he has to buy should be frozen in the next 4 or 5 years, you would find under this modernized parity that the support price of tobacco would go up some 7 or 8 cents irrespective of the fact that there was no increase in production.

I do not want to tie myself up to the proposition where the farmer, if the price goes up for the things that he buys, that the price of the tobacco will not go with it. I want it to go up as the costs of production go up—I want it to go up and down with it.

What we have tried to do, as I understand it, is to get tobacco onto a basis where the support price directly relates to the increase or decrease in the costs of production. If our production gets so high in this country that we have to have an increase in support price, then, certainly, our farmers cannot be expected to stand idle.

But, as Mr. Andrews said, we are disposing of some factors of which we had no control, which advanced at a rate which was much faster than the 5 points that you referred to.

If the index shows a 5-point increase we would have to go up to 10, would we not, and maybe more each year. And if that continues to be allowed to operate, why, certainly, it would force the price of tobacco out of the market.

What we are seeking to do, and if I am wrong correct me, is to get ourselves tied back to the cost-of-living increase as it relates to the cost of production, based on the starting point of 1959 and an average of the last 3 preceding years.

Mr. ABBITT. Thank you very much.

Mr. WATTS. I do not know whether I have added anything to this or not. I thank you.

Mr. ABBITT. We appreciate your comments.

Mr. MATTHEWS. I think that this discussion is very clear in my own mind. I should like to ask Mr. Andrews this question. The index price paid in the past years, the wage rates, and so forth, by the farmers are based on the 1910 and 1914 figures; and for 1959 that figure was 298. I was just wondering, would that indicate that the cost of production for the farmer has increased nearly 200 percent?

Mr. ANDREWS. Yes, sir.

Mr. MATTHEWS. That is my only question.

Mr. ABBITT. Are there any questions that you would like to ask, Senator?

Senator JORDAN. No, not at this time.

Mr. MATTHEWS. Did you say that it increased that much. It did increase 200 percent, did it not?

Mr. ANDREWS. Yes.

Mr. MATTHEWS. Thank you.



Mr. ROYSTER. May I make this further statement on this immediate point?

Mr. ABBITT. Yes.

Mr. ROYSTER. I do not think up until this time that the export markets for American-grown tobacco have suffered, certainly not substantially, because our price was right. I think that the record substantiates that statement.

We have maintained our exports on a total level about where they were 10 years ago, or for the 10-year period. It is true that we have not shared percentagewise in the total world exports to that extent, but there are a number of factors, completely aside from price, that has entered into that. And what you are actually faced with, it seems to me, is a situation where the prices of American-grown tobacco is more or less the barometer for the world price. I think that the record pretty well bears that out.

As our prices have increased, in the main, the prices of tobacco grown in the other countries of the world have increased.

I do think that we are at a point where it is highly desirable that we not continue, certainly, by the method that is being used, the increase in prices.

And I wish to say again, Mr. Chairman and gentlemen, that it is the opinion of the tobacco industry that this bill will be of great benefit in that direction.

Mr. ABBITT. We, certainly, thank you, Mr. Royster, for that very fine statement.

Senator Jordan, do you have any questions?

Senator JORDAN. No. But I would like to concur in that statement that the information that I have received here this morning is very helpful to me and probably, I will be asked about some of the points that have been brought up here.

Mr. ABBITT. I understand that Senator Cooper's administrative assistant is here. Do you have any statement that you desire to make?

#### **STATEMENT OF BAILEY GUARD, LEGISLATIVE ASSISTANT TO SENATOR JOHN SHERMAN COOPER, OF THE STATE OF KENTUCKY**

Mr. GUARD. Mr. Chairman and members of the committee, Senator Cooper did attend the last meeting of the Senate subcommittee, and would very much like to be here today but, however, he has caught a touch of this flu which is going around, and his doctor is trying, with limited success, to keep him home.

With Senator Jordan, Senator Cooper has introduced in the Senate a bill identical to H.R. 9664. As a new member of the Committee on Agriculture of the Senate, Senator Cooper will join Senator Jordan—representing the voice of two great types of tobacco—asking that the Senate Committee on Agriculture consider it at an early date, that is, the measure in which you are all joined.

I also would like to say that Senator Cooper greatly appreciates the constructive work of this subcommittee, which, on tobacco proposals, takes the testimony, and helps make clear for the record, the facts in which the Congress can act.

Mr. ABBITT. Thank you very much. We appreciate that statement.

We will be glad to hear from you now, Mr. Welch.

### STATEMENT OF JACK WELCH, KENTUCKY FARM BUREAU FEDERATION

Mr. WELCH. Mr. Chairman and members of the committee, I appreciate very much being here. I am here on behalf of Mr. St. Clair who is quite a busy man.

About all I have to say is that we are, certainly, in accord with this bill and would like to see it become law.

I do not know that I ever worked on a tobacco bill in my life, which covers several years, that is of more interest than this bill and, especially, down home, where I have heard no opposition to the bill that I know of.

We are very much in accord with it. Thank you.

Mr. ABBITT. Thank you very much. We appreciate your being here.

Mr. ROYSTER. Mr. Chairman, I should like to insert in the record a list of the organizations in support of this proposition and, also to say that the fact that more of these people are not here present in person this morning does not indicate at all that they are not heartily for this legislation. It was the feeling of those in the group that contacted, that were contacted, after I was notified of this hearing, unless it was absolutely necessary that they be here, that they would let the cofield chairman present the matter for the committee on this occasion. However, there is present the distinguished president of the North Carolina Farm Bureau and, probably, some of them which I have not seen here this morning.

Mr. ABBITT. Several of them have contacted me. I told them that the cochairmen would be here.

I think it would be well for you to insert in the record the list of those organizations. I would like for you to show who did attend the last meeting that we had of the subcommittee who did present their views. You can give that list to the reporter for insertion in the record.

(The list entitled "Organizations Supporting Proposed Tobacco Legislation" may be found on p. 10, of the hearing held January 14, 1960.)

Mr. ROYSTER. I am afraid that I do not have an accurate list of those who attended before. However, practically all of the organizations listed as being members of this committee were in attendance at the meeting on Thursday, a week ago.

I would like to further say this, that all of these organizations have been informed as to the developments by the cochairman—all of them were advised of this meeting this morning. And the ones that were contacted expressed themselves, of course, as being wholeheartedly in favor of the bill.

Mr. ABBITT. Thank you very much.

Mr. ROYSTER. Thank you.

Mr. ABBITT. I have next on the list of witnesses Mr. John Vance, of the Virginia Farmers Union.

**STATEMENT OF JOHN BAKER, ON BEHALF OF JOHN B. VANCE, OF  
VIRGINIA FARMERS UNION**

Mr. BAKER. Mr. Chairman and gentlemen of the committee, as you know, Mr. Vance planned right up to the last minute to get here for your hearings. However, something came up and he is still in Richmond. So he called and dictated his statement and I am prepared to read it into the record at this time.

Mr. ABBITT. We will be glad to have that done. We appreciate getting his statement.

Mr. BAKER. Mr. Chairman, it is a real pleasure, in addition to reading his statement, to have the opportunity to participate in this subcommittee hearing. Back in September our national board adopted a very strongly worded resolution in favor of doing everything that we can to bring about unanimity of the farm groups in our presentation of our position to congressional committees. And this is the first example of a hearing in the House committee this morning of complete unanimity on the tobacco question, which is of considerable gratification to all of us in the National Farmers Union.

Mr. Vance's statement follows:

Mr. Chairman and members of the committee, for the record, my name is John B. Vance. I am president of the Virginia Farmers Union and a member of the board of directors of the National Farmers Union. I am appearing before the committee as a representative of both of these organizations.

As the committee knows, Farmers Union has supported the 90-percent-of-parity tobacco price support program for many years. We have been mindful of the tremendous benefits this program has been—and is—to our tobacco growers and only wish that the growers of other agricultural commodities were afforded similar price stabilization measures.

Last year the Farmers Union was one of the sponsors of legislation somewhat similar to that being considered here today, which, as the committee knows, was passed by the Congress but later vetoed by the President. We are, of course, highly gratified and delighted that the principal opposition to the tobacco stabilization bill last year has now approved the measure under consideration which, in our opinion, is an even better bill than the bill passed by the Congress last year.

Mr. Chairman, Farmers Union is glad to lend its support to H.R. 9664 and respectfully urges that the bill be favorably reported by the Tobacco Subcommittee and subsequently enacted into law. We have carefully studied the effects of this bill and are convinced that it is in the best interest of the tobacco producers of our country and of the entire tobacco industry as well.

I would like to take this opportunity, Mr. Chairman, to express our gratitude and appreciation to this committee for your fine work on behalf of our tobacco farmers and for your untiring efforts to protect the best interests of the producers of this highly important agricultural commodity.

Mr. ABBITT. Thank you very much, Mr. Baker, for that splendid statement. You speak for the National Farmers Union?

Mr. BAKER. Yes, sir.

Mr. ABBITT. Any questions?

We have next a representative from the Grange. We appreciate very much your coming here, Mr. Battles.

**STATEMENT OF ROY BATTLES, ASSISTANT TO THE MASTER,  
NATIONAL GRANGE**

Mr. BATTLES. Thank you, Mr. Chairman and members of the committee.



My name is Roy Battles and I am assistant to the master of the National Grange.

Our organization is honored to have the opportunity of coming before you and expressing our support of this bill, H.R. 9664, and the related bill.

Mr. T. W. Allen of Creedmoor, N.C., chairman of the National Grange tobacco committee, was here a week ago Thursday and expressed at that time our belief in the principles contained in this bill and as it finally evolved. In following this meeting our National Grange executive committee reaffirmed our position which was established by the delegate body of the National Grange at Long Beach, Calif., in November. A brief resolution adopted by our delegate body reads as follows:

*Resolved*, That the National Grange stay their continuation of the present tobacco production control program and recommend that the support price for tobacco be stabilized at a level not less than the 1958 support price and not more than the 1959 support price until the index prices paid by farmers carry it above the 1959 support price.

This legislation, of course, as I have said, confirms this policy on the part of the Grange.

I will not repeat, Mr. Chairman, our understanding of the technicalities for this legislation except to say that we feel that it will help us expand our foreign markets and our domestic markets to some degree by keeping prices more stable than they would otherwise be—to some degree it will reduce the incentive for expanding production on the part of the tobacco growers and at the same time yield a fair return to the producers and, in general, stabilize the tobacco industry.

Likewise, we supported the bill last year which was somewhat similar to this bill. But we, also, feel that this bill perhaps, is an improvement on the bill that we had a year ago.

So we would like to commend the committee now for its consideration of this new approach to helping the tobacco farmers of America.

Mr. ABBITT. Thank you very much for coming here and giving us that statement.

Mr. BATTLES. Thank you.

Mr. ABBITT. We are always glad to have you here.

I understand that Mr. Charles Cole is here with Mr. Andrews and Mr. Todd. I understand that the Department is not in a position to state its position due to the fact that the matter is now before the Bureau of the Budget or somewhere along the line. I think it would be well for you two gentlemen, however, to come forward and make any statement you desire. There may be questions that some of the members might want to ask you.

**STATEMENT OF CHARLES COLE, ASSISTANT TO DIRECTOR OF TOBACCO DIVISION; ACCOMPANIED BY B. G. ANDREWS AND JOE TODD, TOBACCO DIVISION, U.S. DEPARTMENT OF AGRICULTURE**

Mr. COLE. I am Charles Cole, assistant to Mr. Williams. It was impossible for Mr. Williams to be here. He would certainly have enjoyed being over here and going through the bill and explaining it to you as to what it contains.

I have brought along Mr. Andrews, whom you have heard before, a while ago, and Mr. Todd, to answer any questions that you may have.

Mr. Royster, I believe, covered the subject along with Mr. Andrews in the questions. I believe we have a fairly clear understanding of the proposed bill, H.R. 9664.

If there are other questions, Mr. Chairman, we will answer them.

Mr. ABBITT. I understand, Mr. Cole, that while the Department is not in a position to state its position, that the attorneys of the Department have gone over the language very carefully. And as a matter of fact, in the thinking of the attorneys, this bill does carry the recommendation of the industry committee.

Mr. COLE. Yes, that is correct—that is very true.

Mr. ABBITT. Are there any further questions?

Mr. McINTIRE. I am wondering if it might be possible for the gentlemen from the Department to take the table that was discussed for 1958–59 and 1960, that which would indicate the trend of price levels for 1959, which was 55.5 cents for flue-cured tobacco and 57.2 for burley in 1959. Take these price levels and compare them with the price levels under the terms of this bill; that is, with the price levels which would otherwise have been projected through the existing calculations under the present price support law. Have this together with the percentage of parity comparison which might be incident to the pricing comparison. Could that be a part of the record?

Mr. ABBITT. That will be fine. You can prepare that and submit it as a part of the record.

Mr. McINTIRE. I am interested to see how much we are accomplishing.

Mr. ANDREWS. Let me add that we would be glad to present some figures for the record. There again I would like to say that in projecting on the modernized parity we also must estimate several other factors that would go into this figure, and even though we might make some comparison it could only be examples and not an indication of what the Department thinks these things would be for 1960–61 or any future crop.

I might also add, Congressman McIntire, that should our index of prices paid, including wages, taxes, and interest, go up, such as the figure I have indicated here for modernized parity to be 302 in 1960, then our modernized parity for flue-cured tobacco, assuming the other factors, of course, to be a continuation of the trend in the prices received for all agricultural commodities, would probably increase at the rate of  $1\frac{1}{2}$  cents a year. This means that the 55.5 cents for flue-cured tobacco in 1959, which is our current level, may go up to 57 or 57.3 cents per pound by 1960. And again another  $1\frac{1}{2}$ -cent increase for 1961.

There again that would be based on a continuation of the trend in the prices paid by the farmers and also the prices received for all agricultural commodities in calculating the modernized parity. But we will provide for the record some comparative figures.

(The information to be furnished follows:)

*Flue-cured and burley tobacco: Support level 1959, and projected levels for 1960 and 1961 by alternate methods of computation*

[In cents per pound]

| Crop      | Calculation <sup>1</sup> for— |          |            |          |
|-----------|-------------------------------|----------|------------|----------|
|           | Flue cured                    |          | Burley     |          |
|           | Modernized                    | Proposed | Modernized | Proposed |
| 1959..... | 55.5                          | -----    | 57.2       | -----    |
| 1960..... | 57.5                          | 55.5     | 60.0       | 57.2     |
| 1961..... | 59.0                          | 55.5     | 62.0       | 57.2     |

<sup>1</sup> Modernized projections made on the basis of recent trends in prices for comparison purposes only. Proposed levels as indicated by bills to stabilize tobacco price supports (January 1960).

NOTE.—Example of calculation of support level by proposed legislation, for flue-cured tobacco:

1. 1960 support level same as 1959 (55.5 cents per pound).

2. For 1961, the support level will be determined as follows:

|                                                   |     |
|---------------------------------------------------|-----|
| 1958 annual index of prices paid.....             | 293 |
| 1959 annual index of prices paid.....             | 298 |
| 1960 * annual index of prices paid.....           | 303 |
| 1958-60 average, annual index of prices paid..... | 298 |

$$\frac{1958-60 \text{ average of index of prices paid}}{1959 \text{ index of prices paid}} = \frac{298}{298} = 100 \text{ percent}$$

55.5 cents per pound  $\times$  100 percent = 55.5 cents per pound.

3. For 1962, the previous 3 years' average index of prices paid will include 1959, 1960 and 1961, and this average will be divided by 298 (the 1959 index).

\* Not an estimate, but used for explanatory purposes only.

Mr. ABBITT. I appreciate that.

Are there any other questions? Is there anyone else who desires to be heard?

**STATEMENT OF HON. L. H. FOUNTAIN, A REPRESENTATIVE IN CONGRESS FROM THE SECOND CONGRESSIONAL DISTRICT OF THE STATE OF NORTH CAROLINA**

Mr. FOUNTAIN. Mr. Chairman, I appreciate the invitation. I have an executive session of a committee over which I am presiding which I left to attend this particular meeting.

I want to endorse what has been said by those supporting this legislation and to state that I come from a district which is a heavy tobacco district. All of the people with whom I have had an opportunity to discuss this matter are in favor of it—I have received no word indicating any opposition to it from the district that I represent.

I also want to take this occasion to commend the farmers, all segments of the tobacco industry, in that area for having brought to this committee what seems to me to be a very realistic proposal to prevent our getting into a difficulty in the future.

I am very happy to support this legislation as indicated by my introduction of an identical bill.

Mr. ABBITT. Thank you very much.

Is there anyone else who has anything to say?

We have a very distinguished gentleman back up there. I presume that he may want to have something to say. He is from the Flue-cured Belt.



Mr. CLAUDE TURNER. Mr. Chairman, I am just here to enjoy this.

Senator JORDAN. Apparently the objections to last year's bill have been removed. We hope they have.

I think that Mr. Royster has done an excellent job of getting all of the segments of the tobacco industry here, as Congressman Fountain has stated. I think that will help us in order to get the bill passed, having all segments of the industry represented.

Mr. ABBITT. Thank you very much.

Mr. McMILLAN. Mr. Chairman, I think that this is a wonderful approach to this particular problem.

Mr. ABBITT. Unless there are some other witnesses, we will adjourn the hearing and go into executive session.

(Whereupon, at 11:15 a.m., the hearing adjourned to reconvene in executive session.)

## TOBACCO PRICE SUPPORT

WEDNESDAY, FEBRUARY 3, 1960

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The committee met pursuant to notice at 2:15 p.m., in room 1310, New House Office Building, Hon. Watkins M. Abbitt (chairman of the Subcommittee on Tobacco) presiding.

Present: Representatives Cooley (chairman of the committee), Poage, Gathings, McMillan, Abernethy, Albert, Abbitt, Jones, Johnson, Jennings, Matthews, Coad, Stubblefield, McSween, Hogan, Levering, Hoeven, Dague, McIntire, Dixon, Smith, Teague of California, Short, Mrs. May, Pirnie, and Latta.

Also present: Christine Gallagher, clerk, and Hyde H. Murray, assistant clerk.

Mr. ABBITT. The committee will come to order.

Our witness this afternoon is Mr. McLain, Assistant Secretary of the Department of Agriculture. We appreciate very much your coming here, Mr. McLain. We will be delighted to hear from you now.

Mr. McLAIN. As you know, Mr. Chairman, we have reported on the bill this morning.

Mr. ABBITT. Yes, we have the report, and without objection, it will be made a part of the record at this point.

(The report dated February 2, 1960, follows:)

DEPARTMENT OF AGRICULTURE,  
*Washington, D.C., February 2, 1960.*

Hon. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request of January 19, 1960, for a report on H.R. 9664, a bill to stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost.

This Department is not opposed to the passage of this legislation.

Our primary concern is the U.S. tobacco producer. In view of this basic concern, we have for some time been analyzing the effects of the current tobacco program. Also, Members of Congress, tobacco leaders, and other allied interests have been studying the operations of the tobacco program. Out of these studies has come general recognition that we are losing markets at home and abroad. The primary reason for this loss is that year after year the use of 90 percent of parity under the modernized parity formula resulted in raising the tobacco support prices.

The U.S. Department of Agriculture for the past 2 years has conducted an aggressive educational campaign among tobacco farmers, farm organizations, tobacco congressional leaders, and other allied tobacco interests. The basic facts needed for a realistic tobacco program designed to discourage homogenization in the domestic industry and expand rather than continuously contract our ex-

port trade have been made available. Although the United States can produce, competitively, tobacco with a flavor and aroma that cannot be duplicated anywhere else in the world, we are losing our percentage of the export markets at a time when tobacco consumption worldwide is annually increasing at the rate of 5 percent.

Although during the past 7 years farmers have received record average prices and record incomes from the production of tobacco, the Department feels that if we had kept our fair share of the world market at slightly lower prices, our increased production would have given our tobacco farmers an even greater net farm income.

This bill is primarily a recognition by all industry leaders of the deleterious effects on the tobacco producers of the constant increases in support prices under the operation of the present program. While this bill does not go as far as we would like, it is a step in the right direction. Basically, we feel that the tobacco legislation which we recommended in 1959 more nearly meets the problems of the entire tobacco industry. We are not opposed to passage of this legislation because of the following:

1. Our primary interest is the 800,000 farm families that look to tobacco for a major portion of their farm income. The present tobacco program with its built-in formula of ever-increasing levels of price support is speeding homogenization at home and rapidly shrinking our domestic market. Continuation of the present program for another 5 years would critically aggravate the economy of the American tobacco farmer.

2. This legislation eliminates two factors not related to the cost of production that are pyramiding the level of support. These are the increasing 10-year average price received for tobacco and the moving 10-year average index of prices received for all agricultural commodities. The use of the average of the last 3 years' index of prices paid by farmers as provided in this bill offers a substantial measure of stabilization.

3. Tobacco leaders, farm organization leaders, association officials, and their representatives in Congress have demonstrated in 1959 and again in 1960 their willingness to accept realistic quotas as provided by law. The Department has received complete cooperation from the tobacco industry in the disposition of CCC loan stocks. Since January 1, 1959, when loan stocks exceeded 1 billion pounds, 30 percent of these holdings by Commodity Credit Corporation have been absorbed by the industry, and it is expected that another 30 percent will be absorbed in 1960.

4. Under this legislation, it is expected that the Commodity Credit Corporation will have substantially less funds invested in the tobacco price-support operations than would otherwise be invested.

5. Stabilized prices will tend to prevent further loss of markets at home and abroad.

6. This legislation is supported by all farm organizations; warehouses and processing groups; export dealers; and the domestic industry of the United States.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON, *Secretary*.

**STATEMENT OF HON. MARVIN L. McLAIN, ASSISTANT SECRETARY,  
U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY JOSEPH  
WILLIAMS, DIRECTOR OF TOBACCO DIVISION, CSS, U.S. DEPART-  
MENT OF AGRICULTURE**

Mr. McLAIN. Mr. Chairman and members of the committee, in the past several years, it has been my pleasure to work very closely with the tobacco leadership of the Nation. I have been greatly impressed with the determination and sincerity of the tobacco people in their efforts to make the program work.

The Department has given widespread support in an effort to maintain and make the tobacco program sound. I would like to point out that we have recommended legislation or issued administrative regu-



lations in addition to export promotion that has generally strengthened the overall tobacco program. Some of the more important actions that we have taken in the price-support and acreage-allotment and marketing-quota operations include the following:

- (1) Compliance checking has been strengthened.
- (2) The penalty for excess production has been increased to 75 percent of the previous year's average price.
- (3) Credit has been eliminated for overplanting.
- (4) During recent years of abnormal supply adjustment the full authority of the Secretary in increasing marketing quotas to avoid undue restrictions of marketings has been used.
- (5) Increased administrative expenses have substantially strengthened the overall program.
- (6) Certain varieties of Flue-cured tobacco that produce a large proportion of undesirable leaf are being discouraged by heavy discounts under the price-support program.
- (7) A direct attack has been made on the surplus problem by an expedited sales program including Public Law 480 and by means of barter. There have moved about 250 million pounds of tobacco through title I of the Public Law 480 program and some 20 million pounds by barter.
- (8) We also utilized the soil bank under which the acreage reserve was a temporary emergency program which aided substantially in the reduction of surplus tobacco.

(9) To help dispose of old stocks of dark tobaccos, some of the grower associations in recent years made sales of old stocks on a competitive bid basis. This action not only helped dispose of these burdensome stocks but also made it possible to increase the movement of tobacco into those world markets that can afford to purchase tobacco only at relatively low prices.

(10) We have used the foreign currencies resulting from Public Law 480 sales to promote and develop new markets abroad for U.S. tobacco through market development projects. These projects are carried out cooperatively with United States and foreign trade groups. We have also conducted promotional programs to help advertise and expand consumption of tobacco products containing U.S. leaf. Some of the more important accomplishments under these projects are as follows: (a) Several countries including the United Kingdom were enabled to build up stocks of U.S. leaf to more normal levels; (b) several countries including Thailand, Japan, and Finland have been able to introduce new brands of cigarettes containing U.S. tobacco; and (c) consumption of U.S. leaf in Japan has been substantially increased.

(11) We have sent Department of Agriculture tobacco experts abroad to study and evaluate first hand the foreign tobacco situation for recommendations on U.S. tobacco programs and international trade.

For several years, the Department has continuously asked for greater flexibility in the price-support program for tobacco to maintain domestic outlets and regain export markets. The tobacco program needs some positive modification if the best longtime interest of the tobacco growers is to be protected. We are convinced that under the present program of ever-increasing price supports tobacco farm-

ers are sacrificing their longtime best interest. A continuation of the present program will in a few years force the domestic industry to go to full utilization of the whole leaf and cause the loss of most of our commercial export markets.

Our total tobacco sales have deteriorated primarily attributable to the high level and ever-increasing price supports that are required by existing law. At the same time that prices have been supported at such levels the law has required severe cuts in acreage allotment while production in foreign countries has been expanding. In recent years, total U.S. tobacco consumption has declined about 11 percent even though the output of cigarettes which is the major product has increased by 12 percent. World trade in tobacco has also been expanding but we have failed to maintain our fair share of this international trade.

As you know, the U.S. Department of Agriculture over the past 2 years has conducted an aggressive educational campaign among tobacco farmers, farm organizations, congressional leaders and other allied tobacco interests in an attempt to obtain a more positive tobacco program. While all of these efforts have been useful, we must consider the current situation from the standpoint of problem areas that have developed and what positive steps can be taken to alleviate them.

Our primary concern is the U.S. tobacco producer. In view of this basic concern we have for some time been analyzing the effects of the current tobacco program. Members of Congress, industry leaders, and other allied interests have also been studying the operation of the tobacco program. Out of these studies has come general recognition that we are losing markets both at home and abroad. The major reason for this is that year after year the modernized parity formula has kept increasing tobacco price supports. This bill, H.R. 9664, is primarily a recognition of the deleterious effects on the tobacco producers of these constant increases in support prices under the operation of the present program.

The bill provides that the level of price support for each kind of tobacco for which marketing quotas are not disapproved by producers shall be as follows:

(a) For the 1960 crop, the support level shall be the level at which the 1959 crop was supported or would have been supported if marketing quotas had been in effect.

(b) For the 1961 crop and each subsequent crop, the level of support shall be determined by adjusting the 1959 crop-support level (or the level at which the 1959 crop would have been supported if marketing quotas had been in effect) upward or downward in proportion to the ratio of (i) the average for the 3 preceding calendar years of the index of prices paid by farmers, including wage rates, interest, and taxes to (ii) the 1959 calendar year average of such index.

Under existing legislation the price-support levels for the major kinds of tobacco are expected to increase substantially during the years just ahead. For example, it is estimated that for the next few crop years the price-support level for Flue-cured tobacco will increase from 1.5 to 3 cents per pound each year and for Burley tobacco such increase will be about 2.5 cents or more per pound each year. These projected price increases would critically aggravate an already dif-



ficult situation and most likely would cause further substantial loss of our export markets for U.S. tobacco.

While the Department recognizes that the loss of some markets attributable to the high price supports mandatory under existing legislation may be difficult to reverse, the provisions of the proposed bill will stabilize price supports for at least 2 years and thereafter minimize the substantial increases inherent under the present price-support legislation. Also, the provisions of the bill will have the effect of minimizing fluctuations in the price-support levels from year to year due to the use of a 3-year average of the prices paid by the farmers.

While this bill does not go as far as we would like, it is a step in the right direction. Basically, we feel that the tobacco legislation which we recommended previously in 1959 more nearly meets the problems of the entire tobacco industry. The Department is not opposed to the passage of this bill for the following specific reasons:

1. Our primary interest is the 800,000 farm families that look to tobacco for a major portion of their farm income. The present tobacco program with its built-in formula of ever-increasing levels of price support is speeding homogenization at home and rapidly shrinking our market to domestic requirements.

2. This legislation does eliminate two factors that are pyramiding the level of support. These are the increasing 10-year average price received for tobacco and the moving 10-year average index of prices received for all agricultural commodities. The use of the average of the last 3-year index of prices paid by farmers as provided in this bill offers substantial stabilizing effects.

3. Tobacco leaders, farm organization leaders, association officials and their representatives in Congress have demonstrated in 1959 and again in 1960 their willingness to accept realistic quotas as provided by law. The Department has received such complete cooperation from the tobacco industry in the disposition of CCC loan stocks that since January 1, 1959, 30 percent of all loan holdings of CCC have been absorbed by the industry, and it is expected that another 30 percent will be absorbed in 1960.

4. Under this legislation it is expected that the Commodity Credit Corporation will have substantially less funds invested in the tobacco price-support operations than would otherwise be invested.

5. Stabilized prices will tend to prevent further loss of markets at home and abroad.

6. This legislation is supported by all farm organizations; warehouses, and processing groups; export dealers; and the domestic industry of the United States.

My colleagues and I will be glad to answer any questions.

Attached here to my paper, Mr. Chairman, is a little table that is set up for illustration purposes for those of you who may not be quite so familiar with the terms of this law. It is very simple.

I can say to you in concluding that we do appreciate the sincere interest of this committee in trying to meet headon this spiral in tobacco support prices that is facing the industry as we go on. And we think that this will be helpful. And, therefore, as we have indicated, we will not oppose it. And I think that you can rest assured that it will become law if the Congress passed it.



Mr. ABBITT. Do you desire to have that table made a part of the record?

Mr. McLAIN. Yes, if you will, please.

Mr. ABBITT. Without objection, it will be made a part of the record at this point.

(The statement entitled "Flue-Cured Tobacco: Example of Calculation of Support Level by Proposed Legislation" is as follows:)

FLUE-CURED TOBACCO: EXAMPLE OF CALCULATION OF SUPPORT LEVEL BY  
PROPOSED LEGISLATION

1. 1960 support level same as 1959 (55.5 cents per pound).
2. For 1961, the support level will be determined as follows:  
1958 annual index of prices paid,<sup>1</sup> 293.  
1959 annual index of prices paid, 298.  
1960 annual index of prices paid,<sup>2</sup> 303.
3. 1958-60 average, annual index of prices paid, 298.
4.  $\frac{1958-60 \text{ average of prices paid } 298}{1959 \text{ index of prices paid } 298} = 100 \text{ percent.}$
5. 55.5 cents per pound times 100 percent = 55.5 cents per pound.
6. For 1962, the 3 years annual index of prices paid used will be 1959, 1960, and 1961, and the average of these three will be divided by 298 (the 1959 index).

<sup>1</sup> Prices paid by farmers, including wage rates, interest, and taxes.

<sup>2</sup> Not an estimate, but used for explanatory purposes only.

Mr. ABBITT. Mr. McLain, I do appreciate your giving us this very fine statement. I want on behalf of the committee to express our appreciation for the great interest you have shown in the problem, that is, in the tobacco problem, and the cooperation that has been extended, which has been splendid and very helpful.

I understand that your views, and the views of the Department are that this bill if enacted will improve the present tobacco program, and that the Secretary will be glad to have it?

Mr. McLAIN. That is correct.

Mr. ABBITT. Are there any questions?

Mr. ABERNETHY. Is this unanimous?

Mr. ABBITT. As I understand, the Department and all of the organizations interested in tobacco are in accord on this, is that correct?

Mr. McLAIN. I would not say that I talked to the whole industry, and Mr. Williams has not either, but we have met with several groups outside of the Government, of course, and some of the export groups, particularly, that are interested in regaining some of the markets who, I think, frankly feel that this does not go far enough, but they recognize that this is all that can be gotten and they are willing to go along. So that I think it is fairly unanimous, so far as we know.

Mr. ABBITT. We, certainly, thank you so much for your coming over.

Congressman Watts asks permission to have inserted in the record a table which he will present to the reporter. That will be done without objection.

(The table entitled "Flue-cured and burley tobacco: Parity prices and support levels under 'old' and 'modernized' parities, 1955-59 crops" is as follows:)

*Flue-cured and burley tobacco: Parity prices and support levels under "old" and "modernized" parities, 1955-59 crops*

|             | Parity prices computed under both formulas (cents per pound) |      |            | Support levels calculated under both parities (cents per pound) |                   |            | Actual support as percentage of old parity |
|-------------|--------------------------------------------------------------|------|------------|-----------------------------------------------------------------|-------------------|------------|--------------------------------------------|
|             | Old <sup>1</sup>                                             | New  | Difference | Old <sup>2</sup>                                                | New <sup>3</sup>  | Difference |                                            |
| Burley:     |                                                              |      |            |                                                                 |                   |            |                                            |
| 1955-----   | 51.3                                                         | 51.3 |            | 46.2                                                            | <sup>4</sup> 46.2 |            |                                            |
| 1956-----   | 52.2                                                         | 53.4 | 1.2        | 47.0                                                            | 48.1              | 1.1        | 92                                         |
| 1957-----   | 53.5                                                         | 57.4 | 3.9        | 48.2                                                            | 51.7              | 3.5        | 97                                         |
| 1958-----   | 54.2                                                         | 61.6 | 7.4        | 48.8                                                            | 55.4              | 6.6        | 102                                        |
| 1959-----   | 54.8                                                         | 63.6 | 8.8        | 49.3                                                            | 57.2              | 7.9        | 104                                        |
| Flue-cured: |                                                              |      |            |                                                                 |                   |            |                                            |
| 1955-----   | 52.9                                                         | 53.7 | .8         | 47.6                                                            | 48.3              | .7         | 91                                         |
| 1956-----   | 53.4                                                         | 54.3 | .9         | 48.1                                                            | 48.9              | .8         | 92                                         |
| 1957-----   | 55.2                                                         | 56.3 | 1.1        | 49.7                                                            | 50.8              | 1.1        | 92                                         |
| 1958-----   | 55.9                                                         | 60.7 | 4.8        | 50.3                                                            | 54.6              | 4.3        | 98                                         |
| 1959-----   | 56.6                                                         | 61.7 | 5.1        | 50.9                                                            | 55.5              | 4.6        | 98                                         |

<sup>1</sup> Old parity price as calculated prior to the effective date of the Agricultural Act of 1948, by use of the 1934-38 average of season prices for Flue-cured and Burley multiplied by the applicable month's index of prices paid by farmers.

<sup>2</sup> 90 percent of old parity.

<sup>3</sup> 90 percent of modernized parity.

<sup>4</sup> Actual support level based on 90 percent of old parity since this calculation resulted in a higher price than by the modernized method.

Mr. ABBITT. If there are no further questions, the committee will go into executive session.

(Thereupon, at 2:35 p.m., the committee proceeded into executive session.)

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LEGISLATIVE HISTORY

Public Law 86-389  
H. R. 9664

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INDEX AND SUMMARY OF H. R. 9664

- Jan. 18, 1960     Sen. Jordan introduced (with others) S. 2845 which was referred to the Senate Agriculture and Forestry Committee. Remarks of Sen. Jordan.
- Rep. Abbitt introduced and discussed H. R. 9664 which was referred to the House Agriculture Committee. Remarks of Rep. Abbitt and print of bill as introduced.
- Feb. 4, 1960     House committee reported H. R. 9664 without amendment. H. Report No. 1242. Print of bill and report.
- Feb. 8, 1960     Senate committee reported S. 2845 without amendment. S. Report No. 1081. Print of bill and report.
- Rules Committee reported a resolution for the consideration of H. R. 9664. H. Res. 440, H. Report No. 1255. Print of bill and report.
- Feb. 9, 1960     House passed H. R. 9664 without amendment.
- Feb. 11, 1960     H. R. 9664 was placed on the Senate calendar. Print of bill as passed by House.
- Senate made S. 2845 its unfinished business.
- Feb. 15, 1960     Senate passed H. R. 9664 without amendment in lieu of S. 2845.
- S. 2845 laid on table due to passage of H. R. 9664.
- Feb. 20, 1960     Approved: Public Law 86-389.

Hearings: House Agriculture Committee on  
H. R. 9664, Serial NN.





DIGEST OF PUBLIC LAW 86-389

STABILIZATION OF TOBACCO PRICES. Amends title I of the Agricultural Act of 1949, as amended, to modify the price support levels for tobacco by tying the parity price of tobacco directly to the parity index rather than to the 10-year moving average of farm prices. The tobacco support level for 1960 will be the same as in 1959, and in subsequent years the support price will be adjusted from the 1959 level in direct proportion to changes in the parity index.









86TH CONGRESS  
2D SESSION

# S. 2845

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## IN THE SENATE OF THE UNITED STATES

JANUARY 18, 1960

Mr. JORDAN (for himself, Mr. COOPER, Mr. ERVIN, Mr. JOHNSTON of South Carolina, Mr. MORTON, Mr. KEFAUVER, Mr. THURMOND, and Mr. ROBERTSON) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

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## A BILL

To stabilize the price support of tobacco.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That title I of the Agricultural Act of 1949, as amended,  
4       is hereby further amended by adding at the end thereof  
5       a new section 106, as follows:

6       “SEC. 106. Notwithstanding any of the provisions of  
7       section 101 of this Act: (a) For the 1960 crop of any  
8       kind of tobacco for which marketing quotas are in effect,  
9       or for which marketing quotas are not disapproved by  
10      producers, the support level in cents per pound shall be the



1 level at which the 1959 crop of such kind of tobacco was  
2 supported, or if marketing quotas were disapproved for  
3 the 1959 crop of such kind of tobacco, the level at which  
4 the 1959 crop of such kind of tobacco would have been  
5 supported if marketing quotas had been in effect. (b) For  
6 the 1961 crop and each subsequent crop of any kind of  
7 tobacco for which marketing quotas are in effect, or for  
8 which marketing quotas are not disapproved by producers,  
9 the support level in cents per pound shall be determined  
10 by adjusting the support level for the 1959 crop of such  
11 kind of tobacco, or if marketing quotas were disapproved for  
12 the 1959 crop of such kind of tobacco, the level at which  
13 the 1959 crop of such kind of tobacco would have been  
14 supported if marketing quotas had been in effect, by multi-  
15 plying such support level for the 1959 crop by the ratio  
16 of (i) the average of the index of prices paid by farmers,  
17 including wage rates, interest, and taxes, as defined in  
18 section 301 (a) (1) (C) of the Agricultural Adjustment Act  
19 of 1938, as amended, for the three calendar years immedi-  
20 ately preceding the calendar year in which the marketing  
21 year begins for the crop for which the support level is being  
22 determined to (ii) the average index of such prices paid by  
23 farmers, including wage rates, interest, and taxes for the  
24 calendar year 1959."

1        SEC. 2. Section 101 (e) of the Agricultural Adjustment  
2    Act of 1949 (63 Stat. 1051; 7 U.S.C 1441 (e) ) and sec-  
3    tion 2 of the Act of July 28, 1945, as amended (59 Stat.  
4    506; 7 U.S.C. 1312 note) are hereby deleted.

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# A BILL

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To stabilize the price support of tobacco.

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By Mr. JORDAN, Mr. COOPER, Mr. ERVIN, Mr.  
JOHNSTON of South Carolina, Mr. MORTON,  
Mr. KEFAUVER, Mr. THURMOND, and Mr.  
ROBERTSON

---

JANUARY 18, 1960

Read twice and referred to the Committee on  
Agriculture and Forestry



lems have aroused public opinion strongly supporting a permanent and more effective status for this committee. Consequently legislation in the form of a compact, between the New England States and the Federal Government, was introduced into the States General Assemblies in 1959. Four States, Connecticut, Massachusetts, New Hampshire, and Rhode Island, already have approved this document and the Northeastern Water and Related Land Resources Compact will be presented for action in the next session of Congress. If enacted this could become the most useful agency for coordinating the conservation and development of natural resources in this region.

With few exceptions the public water supplies of this region are obtained from unpolluted sources and therefore the States have always diligently followed a strong policy seeking to protect the quality of the waters for future expansion and development. New England has pioneered in stream pollution control and some of the early treatment works were constructed here. The different States, individually and collectively, are engaged in other programs involving certain phases of water resource management, such as flood control, shore and beach erosion control, stream encroachment control, dredging and construction in tidal and navigable waters, supervision of dams and drainage. Cooperative programs have long been carried out with Federal agencies—Army Engineers and Geological Survey—on flood control, beach erosion control, stream gaging, ground water investigations, quality of water studies, and geological mapping.

In the realm of law of water rights and water use the New England States have generally followed the common law of riparian rights. The general adoption of this principle by the States in the eastern and mid-western portions of the country has caused this to be referred to frequently as the eastern law in contrast to the western law followed by those States in the western part of the country. The doctrine of riparian rights has adequately served the growth and prosperity of this region and while some of the States are examining their laws in this field to determine if they are outmoded, it is questionable, if changes are found to be necessary, that they will be based extensively on the western doctrine.

#### POLICY AND PROGRAM FOR THE FUTURE

The fields of water resource investigation and management are becoming overcrowded with activities of multifarious agencies—both governmental and private—which if uncontrolled might cause a confused condition approaching chaos. Initiative and competence should not be suppressed but proper channels should be established for directing the activities toward their maximum productivity.

A partial cause of this perplexing situation is the reluctance of Federal and State governments in setting forth policies and indicating possible guide lines for action. Then, too, it has frequently been claimed that the only method of attack on this problem is from the top level of government down rather than from the lower levels of government and activity up. It is obvious that all levels of government and activity must participate but each in its own special sphere of influence and responsibility.

In line with this premise the most important and fundamental first step is the establishment of a sound national water policy. This policy should set forth six areas of principles and cooperative intent:

1. Recognize the differences in water problems, water rights, and water law existing between regions—especially the contrasting doctrines followed in the eastern and western sections of the country.

2. Encourage and facilitate participation by private interests or agencies to attract the wealth of competence and ability available in this sphere of action.

3. Encourage establishment of regional agencies and authorize binding agreements or compacts between the Federal Government and such agencies for positive, cooperative action.

4. Assure participation by State or local governments consistent with the impact upon the economy of the respective areas.

5. Delineate the functions and responsibilities of the various Federal agencies involved in water-resources problems to avoid duplication and confusion in administration.

6. Set forth procedures for coordinating and channeling the activities of all agencies involved.

Conflicts now exist between Federal and State governments and with the increasing attention being given to water resource matters by both governments it is likely that the conflicts will become more acute. A clean cut national water policy could prove to be a great boon to sound resource development and should stimulate establishment of State water policies without risk of conflict with Federal piecemeal policies and procedures.

Congress has set a pattern for Federal assistance to the States and local communities in the construction of stream pollution control facilities through Public Law 660. This has greatly stimulated the construction of necessary treatment facilities to the extent that in some areas there are substantial back-logs of plans awaiting availability of Federal funds. The pollution control programs in New England would be greatly advanced if Congress provided increased funds for both construction and programming until the backlog of construction is reduced. It then should determine what policies would best maintain this program in a fluid and active state, recognizing that the State and local communities should bear their fair share of responsibility and support.

There is a great need for overall comprehensive planning to care for the many problems confronting the economy of local communities. These programs have been advanced by interest free loans through the Federal Housing and Home Finance Agency. This service should be continued until the urgency has abated.

A well developed navigation system is as important to the Nation as it is to New England. The harbors of this region have not been as intensively developed for use by modern deep water transportation craft as has been done in other areas. The needs for deeper harbors in New England must be recognized and positive steps taken to insure their construction in the near future.

In the fields of flood control, tidal flooding and hurricane protection shore erosion, geologic mapping, surface and ground water studies the appropriate Federal agencies have provided invaluable assistance and support in carrying out these programs cooperatively with the respective States. From time to time the needs for temporarily accelerating these programs in certain areas becomes critical and provisions should be made for meeting these demands with the requirement of a fair share of support and participation by the States involved.

The water problems of New England are not as critical as they are in other sections of the Nation. Time is in our favor, but there is a common belief that this situation will not continue indefinitely. There is also a very real determination to prevent a lackadaisical approach to advance planning for meeting the future needs on both the State and Federal levels. Public sentiment

strongly favors coordination and programming on a regional basis such as is contemplated under the Northeastern Water and Related Land Resources Compact. This would provide a sound and most effective procedure for a real Federal-State-local cooperative action. To demonstrate the productiveness of this plan and to assure an abundant future New England needs the helpful assistance of a sympathetic Congress, which could partially be supplied by favorable consideration of the previously suggested policies and procedures.

#### MODIFICATION OF LOWER MISSISSIPPI RIVER FLOOD CONTROL AND IMPROVEMENT PROJECT

Mr. LONG of Louisiana. Mr. President, the Mississippi River is without a doubt one of America's greatest assets and one of the principal sources of its wealth and well-being. The long, wide, deep river drains 42 percent of the entire United States into the Gulf of Mexico. On its way to the sea it picks up much sediment and meanders at will if it is not controlled by bank protection works.

During the course of its meanderings over a long period of time, the Mississippi River has changed its course on numerous occasions. Recently the Federal Government has found it necessary to take steps to prevent the river from changing its course in any particularly critical area where the change would have been so drastic that it would have affected the economy of the entire southern part of the country.

On several occasions the Mississippi River, in its process of building and cutting, has seen fit to build a mud bank in front of some of the harbors along the river. It has done this at New Madrid, Mo., Helena, Ark., and Lake Providence, La. As a result of this action of the river, the harbors at these three places have been cut off from access to the river. As the result of this action, the Federal Government, through the Corps of Engineers, cannot legally maintain the 9-foot channel in the Mississippi River that it guarantees for navigation on a year-round basis.

On behalf of myself, the Senators ELLENDER, FULBRIGHT, HENNINGS, and SYMINGTON, I introduce, for appropriate reference, a bill which will make it legal for the Corps of Engineers to maintain navigating depths in these chutes that have resulted from the action of the Mississippi River. This bill will make it possible for the engineers to construct and maintain low-water access navigation channels from the existing channel of the Mississippi River to established harbor areas along the river between Cairo, Ill., and Baton Rouge, La. This bill will limit this work in any particular locality for any single year to \$150,000.

It is my feeling that, had we had corrective works years ago, we would never have permitted these harbors to be blocked off. It is only proper that we should now restore the harbors and make this important artery of our commerce available to those localities that have been cut off as the result of this unusual action of the river. The bill I am intro-



ducing will accomplish this purpose and will do so at a cost that is very negligible when the amount of good that it will accomplish is considered.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2843) further modifying the lower Mississippi River flood control and improvement project, originally adopted May 15, 1928, introduced by Mr. LONG of Louisiana (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Public Works.

#### STABILIZATION OF PRICE SUPPORTS FOR TOBACCO

Mr. JORDAN. Mr. President, on behalf of myself, the senior Senator from Kentucky [Mr. COOPER], the senior Senator from North Carolina [Mr. ERVIN], the Senator from South Carolina [Mr. JOHNSTON], the junior Senator from Kentucky [Mr. MORTON], the Senator from Tennessee [Mr. KEFAUVER], the junior Senator from South Carolina [Mr. THURMOND], and the Senator from Virginia [Mr. ROBERTSON], I introduce, for appropriate reference, a bill designed to stabilize the price supports for tobacco.

This measure, Mr. President, would accomplish the same objectives as the Jordan-Cooper bill which was passed by the Congress last year and was vetoed by the President.

The new bill differs very little in its approach from the original Jordan-Cooper bill. It would allow prices of tobacco to fluctuate in direct relation to the prices farmers pay for the things necessary to the production of tobacco, including wages, taxes, interest, and the other costs involved in production. Under the bill, the 1960 price supports would be identical with those for the 1959 crop. Beginning with the 1961 crop, tobacco price supports would be computed on the basis of the average index of prices paid by farmers for the 3-calendar years immediately preceding each crop year. In this way, tobacco prices would move up or down in relation to the average cost of production for the 3 preceding calendar years.

I should like to emphasize that this measure represents another effort on the part of growers, warehousemen, dealers, and exporters of tobacco to stabilize prices in a manner that will help tobacco produced in the United States to regain its position in world markets.

For several years we have been losing at a dangerously rapid rate foreign markets for our tobacco. If action were not taken, we would lose still more, and farmers would be forced to take another acreage reduction, which would spell disaster for thousands of farm families. If this measure is enacted into law, it will bring hope of an increase in acreage allotments, because of the new foreign sales it will promote.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2845) to stabilize the price support of tobacco, introduced by Mr. JORDAN (for himself and other Senators), was received, read twice by its title, and

referred to the Committee on Agriculture and Forestry.

Mr. COOPER. Mr. President, I am glad to join the junior Senator from North Carolina [Mr. JORDAN], as I did last year, in introducing this bill to stabilize the support levels for tobacco. I enjoyed working last year with the distinguished Senator from North Carolina, and I look forward to working with him again this year in the interest of the enactment of this legislation. He is an able advocate of the interests of tobacco farmers, and has great knowledge of our tobacco program.

This bill is very similar in its practical effect to Senate bill 1901, which Senator JORDAN and I sponsored last year and which was passed by the Senate and by the House of Representatives.

This bill has the complete support of all the tobacco-grower organizations and the tobacco-State farm groups, and in fact of the entire tobacco industry.

I am particularly glad that the bill has the support of the Kentucky Farm Bureau Federation, the Burley Tobacco Growers' Cooperative Association, the Burley Auction Warehousemen's Association, the Western Dark-Fired Tobacco Growers' Association, and the Stemming District Tobacco Association, all of Kentucky.

In addition, this bill has the full support of the American Farm Bureau Federation, which opposed Senate bill 1901. And in view of the conferences which have been held with responsible officials of the Department of Agriculture in coordinating the presentation of this proposal, I trust that this bill will have the approval of the Department of Agriculture.

The purpose of the bill, which the Senator from North Carolina [Mr. JORDAN] and I are joining in introducing today, is to stabilize the price-support levels for tobacco, basing them on the 1959 support levels, which were the best in history. This would assure continuation of the present fair level of price support, which has resulted in good prices for tobacco growers, with adjustments reflecting any future changes in farmers' costs.

As an example of the improvement in farmers' prices under the tobacco program, I give the average price per pound of burley tobacco in recent years:

|                 | Cents |
|-----------------|-------|
| Prewar, 1934-38 | 22.2  |
| 1941-45         | 40.0  |
| 1946-50         | 45.7  |
| 1951-55         | 52.5  |
| 1956-59         | 62.6  |

In addition to protecting farmers' prices—and this of great importance—the bill will encourage the expansion of markets for tobacco in this country and abroad. Stabilizing the price-support levels for tobacco will permit manufacturers of tobacco products in this country and other countries to make their plans for a period of years, and will stimulate larger purchases.

I am sure this proposal will have the support of all Members of Congress from the tobacco-producing areas. I can see no reason why the bill should be opposed

by any group, and I do not anticipate any objection. A preliminary hearing on the proposal was held by the House Committee on Agriculture on Thursday, January 14.

I trust that the Department of Agriculture will promptly approve this bill. I hope the Senate Committee on Agriculture and Forestry will quickly report the bill; and, Mr. President, as a new member of that committee, I will urge, together with the Senator from North Carolina [Mr. JORDAN], that the bill be passed.

I believe this measure certainly should be passed by the Congress without delay, and I see no reason why it should not be signed into law.

#### IMPORTATION OF ADULT HONEY BEES

Mr. ELLENDER. Mr. President, by request, I introduce for appropriate reference, a bill to amend the act relating to the importation of adult honey bees. I ask unanimous consent that a letter from the Acting Secretary of Agriculture requesting the proposed legislation be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 2847) to amend the act relating to the importation of adult honey bees, introduced by Mr. ELLENDER, by request, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

The letter presented by Mr. ELLENDER is as follows:

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., January 6, 1960.

The PRESIDENT OF THE SENATE,  
U.S. Senate.

DEAR MR. PRESIDENT: Transmitted herewith for the consideration of the Congress is a proposed bill, "To amend the act relating to the importation of adult honey bees."

The proposed legislation would amend the Honey Bee Act (42 Stat. 833; 7 U.S.C. 281) to prohibit or regulate the importation into the United States of adult honey bees of all species and subspecies. The present law is now specifically limited in its application to only one species of honey bees.

*Apis mellifera*, the present species' name for the honey bee designated as *Apis mellifica* in the act, is only one of four species of honey bees, the others being *A. indica*, *A. florea*, and *A. dorsata*. These latter three species may now be imported without restriction since the present act is specifically limited in its application to *A. mellifera*. Recently an infestation of *Acarapis woodi*, a mite that causes a serious disease of *A. mellifera*, was discovered at the Beltsville Bee Culture Laboratory of the Department of Agriculture in specimens of *A. indica* imported from India. This illustrates the potential danger in importing species of *Apis* other than *A. mellifera*.

Acarine disease, caused by the mite *Acarapis woodi* Rennie, is one of the most serious diseases affecting the honey bee. This disease is considered more serious than any other disease of bees, adult or brood, by apiculturists in the countries where it exists. In areas abroad it has been so destructive that it has virtually wiped out the apiculture industry in heavily infested localities.

The Acarine mite is known to be present in 22 countries which represent most of Eu-



86TH CONGRESS  
2D SESSION

# H. R. 9664

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 18, 1960

Mr. ABBITT introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 That title I of the Agricultural Act of 1949, as amended,  
4 is hereby further amended by adding at the end thereof a  
5 new section 106, as follows:

6 "SEC. 106. Notwithstanding any of the provisions of sec-  
7 tion 101 of this Act: (a) For the 1960 crop of any kind of  
8 tobacco for which marketing quotas are in effect, or for  
9 which marketing quotas are not disapproved by producers,  
10 the support level in cents per pound shall be the level at

1 which the 1959 crop of such kind of tobacco was supported,  
2 or if marketing quotas were disapproved for the 1959 crop  
3 of such kind of tobacco, the level at which the 1959 crop  
4 of such kind of tobacco would have been supported if mar-  
5 keting quotas had been in effect. (b) For the 1961 crop  
6 and each subsequent crop of any kind of tobacco for which  
7 marketing quotas are in effect, or for which marketing  
8 quotas are not disapproved by producers, the support level in  
9 cents per pound shall be determined by adjusting the support  
10 level for the 1959 crop of such kind of tobacco, or if market-  
11 ing quotas were disapproved for the 1959 crop of such kind  
12 of tobacco, the level at which the 1959 crop of such kind of  
13 tobacco would have been supported if marketing quotas had  
14 been in effect, by multiplying such support level for the 1959  
15 crop by the ratio of (i) the average of the index of prices  
16 paid by farmers, including wage rates, interest, and taxes, as  
17 defined in section 301 (a) (1) (C) of the Agricultural Ad-  
18 justment Act of 1938, as amended, for the three calendar  
19 years immediately preceding the calendar year in which the  
20 marketing year begins for the crop for which the support  
21 level is being determined to (ii) the average index of such  
22 prices paid by farmers, including wage rates, interest, and  
23 taxes for the calendar year 1959."



1        SEC. 2. Section 101 (e) of the Agricultural Adjustment  
2    Act of 1949 (63 Stat. 1051; 7 U.S.C. 1441 (e) ) and sec-  
3    tion 2 of the Act of July 28, 1945, as amended (59 Stat.  
4    506; 7 U.S.C. 1312 note) are hereby deleted.

## A BILL

To stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost.

By Mr. ABBITT

JANUARY 18, 1960

Referred to the Committee on Agriculture

ers who constitute the very backbone of the American system of distribution.

The quality stabilization bill, provides only for an honest, specific retail price, to be established by the manufacturer and to be available uniformly to all citizens, whether rich or poor.

The quality stabilization bill provides that a manufacturer may protect his property rights in his trademark simply by revoking—by mail, if desired—the right of an offending reseller to make any further use of, or reference to, the trademark. However, the manufacturer may take such action only if the reseller sells either up or down from the specific price made known by the manufacturer as representing an honest value he desires to maintain competitively through the stabilization of the quality of his product, or if the reseller resorts to certain misrepresentations expressly condemned in the bill.

Extensive surveys have proved that when discounters select a widely known and respected product for price bait they force the manufacturer to strive constantly to reduce the cost and quality of that product, as a means of reducing its price to meet competitive prices forced constantly lower by the discounter.

This quality squeeze forced by discounter pricing inevitably injures factory labor employed in the industry affected. Surveys show frightened manufacturers laying off employees to make 15 men do the work of 20. Naturally, a manufacturer under the vicious squeeze of discounter prices has constantly less and less opportunity to improve wages or working conditions. Labor finds the dollar harder to get, and finds it gets less in real value per dollar in the products labor must buy.

To avoid further misleading confusion of quality stabilization with so-called fair trade a separate hearing will be requested for the quality stabilization bill. I am advised by the best of counsel that, with the quality stabilization bill enacted, neither manufacturer, reseller, nor the public would have any reason to rely upon any State fair trade act or upon any proposed Federal fair trade law.

And let me repeat that the bill permits the manufacturer to revoke the right of any reseller to make any further reference to, or use of, the manufacturer's distinguishing brand, name, or trademark, if the reseller sells either above or below the manufacturer's specified price, or commits other abuses, of public confidence or of the manufacturer's trademark rights, condemned in the bill.

Growing appreciation of the true meaning of the above facts is bringing increased support for quality stabilization, by manufacturers, and by reseller organizations, as well as by Members of Congress being urged to act for the protection of the public.

For the protection of all those rightfully concerned, and of the integrity of the traditional American business system, the bill should be enacted with a minimum of delay.

## STABILIZING SUPPORT LEVELS FOR TOBACCO

(Mr. ABBITT asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ABBITT. Mr. Speaker, I have today introduced a bill which, in my opinion, will be of great help and advantage to the entire tobacco industry. The purpose of the bill is to stabilize the support levels for tobacco against disruptive fluctuations and the upward spiral in recent years due to the operation of modernized parity formula. The bill provides for adjustments for changes in farm costs so that the level of support will rise or fall in direct proportion to changes in prices paid by farmers for commodities purchased, using the previous 3-year moving average as a base.

Briefly, the bill provides that the tobacco support level in 1960 be the same as in 1959 and that in subsequent years the support price be adjusted from the 1959 level. This bill if enacted into law should be a great factor in the retention of the foreign markets for our tobacco. It will let the exporters, the dealers, and the foreign manufacturers know that for the foreseeable future they will be able to obtain ample quantities of choice Virginia-type tobacco at a fair price and a price that will compete with foreign-grown tobacco.

Mr. Speaker, the bill that I have introduced carries out fully the recommendations of the Tobacco Industry Committee which appeared before the Tobacco Subcommittee of the House Agriculture Committee last Thursday, January 14. It is my understanding that the entire tobacco industry favors this legislation. I hope very much that we can get an early report from the Department of Agriculture as to its position on this legislation so that the Tobacco Subcommittee will be in a position to act on this legislation in the next week or two.

## PROVIDING FOR EXCLUSION OR DEPORTATION OF ALIENS FOR VIOLATION OF LAWS RELATING TO ILLICIT POSSESSION OF MARIHUANA AND FOR OTHER PURPOSES

Mr. WALTER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 9385) to provide for the exclusion or deportation of any alien convicted of any law relating to illicit possession of marihuana, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 212(a)(23) of the Immigration and Nationality Act, as amended (66 Stat. 184; 70 Stat. 575; 8 U.S.C. 1182(a)(23)), is further amended by changing the language "narcotic drugs," to read "narcotic drugs or Marihuana."

SEC. 2. Section 241(a)(11) of the Immigration and Nationality Act, as amended (66 Stat. 206, 70 Stat. 575; 8 U.S.C. 1251(a)(11)), is further amended by changing the language "narcotic drugs," to read "narcotic drugs or marihuana."

SEC. 3. Section 245(a) of the Immigration and Nationality Act, as amended (66 Stat. 217, 72 Stat. 699, 8 U.S.C. 1255(a)), is further amended to read as follows:

"(a) The status of an alien, other than an alien crewman, who was inspected and admitted or paroled into the United States may be adjusted by the Attorney General, in his discretion and under such regulations as he may prescribe, to that of an alien lawfully admitted for permanent residence if (1) the alien makes an application for such adjustment, (2) the alien is eligible to receive an immigrant visa and is admissible to the United States for permanent residence, and (3) an immigrant visa is immediately available to him at the time his application is approved."

With the following committee amendment:

On page 2, line 16, insert:

SEC. 4. Section 203(a)(1) of the Immigration and Nationality Act, as amended, is further amended to read as follows:

"(1) The first 50 percentum of the quota of each quota area for such year, plus any portion of such quota not required for the issuance of immigrant visas to the classes specified in paragraphs (2) and (3), shall be made available for the issuance of immigrant visas to qualified quota immigrants whose services are determined by the Attorney General to be needed urgently in the United States because of the high education, technical training, specialized experience, or exceptional ability of such immigrants and to be substantially beneficial prospectively to the national economy, cultural interests, or welfare of the United States. Immigrants who are the spouse or children of any immigrant described in this paragraph shall be held to be nonquota immigrants if accompanying or following to join him."

SEC. 5. The Immigration and Nationality Act is amended by adding thereto sections 208, 209, and 210, to read as follows:

"Sec. 208. The alien fiance or fiancée of a citizen of the United States may be issued a visa and admitted into the United States as a temporary visitor under section 101(a)(15)(B) for a period of three months (unless in exceptional circumstances this period is extended by the Attorney General): *Provided*, That (a) the alien is not otherwise ineligible to receive a visa or excludable from admission into the United States;

"(b) the Attorney General finds that the alien is coming to the United States with a bona fide intention of being married to a citizen of the United States; and

"(c) the Attorney General finds that the parties to the proposed marriage are able and intend to contract a valid marriage within the period for which the alien is admitted.

"Sec. 209. In the event the marriage does not occur within the period for which the alien is admitted, the alien shall be required to depart from the United States, and upon failure to do so shall be deported at any time after entry in accordance with the provisions of this act.

"Sec. 210. (a) In prescribing regulations for the administration of the provisions of section 208 of this act the Secretary of State shall include a requirement that the parties to a proposed marriage shall furnish satisfactory evidence to the American consular officer concerned, including sworn statements corroborated by other appropriate evidence showing that the parties have entered into a



valid agreement to marry and are legally able and actually willing to conclude a valid marriage in the United States within a period of three months after the alien's arrival, or within such period as may be extended by the Attorney General.

"(b) In prescribing regulations for the administration of sections 208 and 209 of this act in connection with the arrival of the aliens concerned, at ports of entry in the United States the Attorney General shall include a requirement that the prospective American citizen spouse of an alien covered by the provisions of section 208 shall furnish to the Attorney General a suitable bond, which shall be in an amount sufficient to cover the cost of the deportation of the alien concerned, and which shall be forfeited to the United States if and when the alien becomes deportable, or shall be canceled by the Attorney General upon receipt of satisfactory evidence that a valid marriage has been concluded, or that the alien has left the United States without expense to the said United States."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### NINTH ANNUAL REPORT OF THE NATIONAL SCIENCE FOUNDATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 300)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Science and Astronautics and ordered to be printed with illustrations:

*To the Congress of the United States:*

Pursuant to the provisions of Public Law 507, 81st Congress, I transmit herewith the Ninth Annual Report of the National Science Foundation for the fiscal year ended June 30, 1959.

DWIGHT D. EISENHOWER.  
THE WHITE HOUSE, January 18, 1960.

#### BUDGET FOR THE FISCAL YEAR 1961—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 255)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with accompanying papers, referred to the Committee on Appropriations and ordered to be printed with illustrations:

*To the Congress of the United States:*

With this message, transmitting the Budget of the United States for the fiscal year 1961, I invite the Congress to join with me in a determined effort to achieve a substantial surplus. This will make possible a reduction in the national debt. The proposals in this budget demonstrate that this objective can be attained while at the same time maintaining required military strength and enhancing the national welfare.

This budget attests to the strength of America's economy. At the same time, the budget is a test of our resolve, as a

nation, to allocate our resources prudently, to maintain the Nation's security, and to extend economic growth into the future without inflation.

In highlight, this budget proposes:

1. Revenues of \$84 billion and expenditures of \$79.8 billion, leaving a surplus of \$4.2 billion. This surplus should be applied to debt reduction, which I believe to be a prime element in sound fiscal policy for the Nation at this time.

2. New appropriations for the military functions of the Department of Defense amounting to \$40.6 billion, and expenditures of \$41 billion. These expenditures, which will be slightly higher than the 1960 level, will provide the strong and versatile defense which we require under prevailing world conditions.

3. Increased appropriations (including substantial restoration of congressional reductions in the 1960 budget), and a virtual doubling of expenditures, for nonmilitary space projects under the National Aeronautics and Space Administration. This furthers our plans to keep moving ahead vigorously and systematically with our intensive program of scientific exploration and with the development of the large boosters essential to the conquest of outer space.

4. Nearly \$4.2 billion in new appropriations for mutual security programs, an increase of about \$950 million above appropriations for the current year, with an increase of \$100 million in expenditures. This increase in program is needed to accelerate economic and technical assistance, chiefly through the Development Loan Fund, and to strengthen free world forces, in particular the forces of the North Atlantic Treaty Organization, with advanced weapons and equipment.

5. A record total of expenditures \$1.2 billion, for water resources projects under the Corps of Engineers and the Bureau of Reclamation. In addition to funds for going work, this amount provides for the initiation of 42 new high-priority projects, which will require \$38 million in new appropriations for 1961, and will cost a total of \$496 million over a period of years.

6. Substantially higher expenditures in a number of categories which under present laws are relatively uncontrollable, particularly \$9.6 billion for interest; \$3.9 billion to help support farm prices and income; \$3.8 billion for veterans compensation and pensions; and \$2.4 billion in aid to State and local governments for public assistance and employment security activities. The aggregate increase in these relatively uncontrollable expenditures is more than \$1 billion over 1960.

7. Research and development expenditures of \$8.4 billion—well over one-half of the entire Nation's expenditures, public and private, for these purposes—in order to assure a continuing strong and modern defense and to stimulate basic research and technological progress.

8. Recommendations for prompt legislative action to increase taxes on highway and aviation fuels, and to raise postal rates. These measures are needed to place on the users a proper share of the rising costs of the Federal airways

and postal service, and to support the highway program at an increased level.

9. Recommendations to extend for another year present corporation income and excise tax rates.

10. A constructive legislative program to achieve improvements in existing laws relating to governmental activities and to initiate needed actions to improve and safeguard the interests of our people.

In short, this budget and the proposals it makes for legislative action provide for significant advances in many aspects of national security and welfare. The budget presents a balanced program which recognizes the priorities appropriate within an aggregate of Federal expenditures that we can soundly support.

I believe that the American people have made their wishes clear: The Federal Government should conduct its financial affairs with a high sense of responsibility, vigorously meeting the Nation's needs and opportunities within its proper sphere while at the same time exercising a prudent discipline in matters of borrowing and spending, and in incurring liabilities for the future.

#### BUDGET TOTALS

During the present fiscal year we have made encouraging progress in achieving sound fiscal policy objectives. The deficit of \$12.4 billion in fiscal 1959, which was largely caused by the recession, is expected to be followed by a surplus of \$217 million in the current year. To safeguard this small surplus, I am directing all Government departments and agencies to exercise strict controls over the expenditure of Federal funds. Even so, the slender margin of surplus can be attained only if economic growth is not interrupted.

For the fiscal year 1961, I am proposing a budget surplus of \$4.2 billion to be applied to debt retirement. In my judgment this is the only sound course. Unless some amounts are applied to the reduction of debt in prosperous periods, we can expect an ever larger public debt if future emergencies or recessions again produce deficits.

In times of prosperity, such as we anticipate in the coming year, sound fiscal and economic policy requires a budget surplus to help counteract inflationary pressures, to ease conditions in capital and credit markets, and to increase the supply of savings available for the productive investment so essential to continued economic growth.

The budget recommendations for 1961 lay the groundwork for a sound and flexible fiscal policy in the years ahead. A continuance of economic prosperity in 1962 and later years can be expected to bring with it further increases in Federal revenues. If expenditures are held to the levels I am proposing for 1961 and reasonable restraint is exercised in the future, higher revenues in later years will give the next administration and the next Congress the choice they should rightly have in deciding between reductions in the public debt and lightening of the tax burden, or both. Soundly conceived tax revision can then be approached on a comprehensive and







Feb 1, 1966

14. TOBACCO. The Agriculture Committee reported, without amendment, H. R. 9664, to revise existing laws on tobacco price supports (H. Rept. 1242). pp. 1962
15. WATER POLLUTION. Received the conference report on H. R. 3610, to amend the Federal Water Pollution Control Act to increase grants for construction of sewage treatment works and to establish the Office of Water Pollution Control (H. Rept. 1243). pp. 1947-8
16. WHEAT. The Agriculture Committee voted to report (but did not actually report) S. 623, to provide a 2-year extension of the existing provisions of law for a minimum durum wheat acreage allotment in the Tulalake area of California. p. D79
17. RECLAMATION; ELECTRIFICATION. Received a letter from the Secretary of Interior transmitting a report on the Garrison Diversion Unit, North Dakota and South Dakota, Missouri River Basin project (H. Doc. 325). p. 1962
18. PUBLIC LANDS. Received a letter from the Deputy Secretary of Defense, transmitting a draft of proposed legislation to provide for withdrawal and reservation by the Dept. of the Air Force of certain public lands of the U. S. at Nellis AFB, Nev., for defense and other purposes; to Interior and Insular Affairs Committee. p. 1962
19. CIVIL SERVICE. Received a report from the Chairman, U. S. Civil Service Commission, relating to positions in grades 16, 17, and 18 for the calendar year 1959. p. 1962
20. FARM PROGRAM. Rep. Allen inserted a newspaper article, "The Farm Outlook Picture is Not All Black." p. 1948
21. HIGHWAYS. Rep. Rogers inserted a newspaper article discussing the proposed speed up of the highway construction program in Mass. pp. 1951-2
22. FOREIGN TRADE. Rep. Celler criticized the provisions in the charter contracts with shippers made under Public Law 480 which he says allows this nation "to be used to serve the purposes of the Arab boycott against Israel." p. 1952
23. FORESTRY. Reps. Kastenmeier, Wier, Baird, Ostertag, Coffin, and Fisher favorably discussed the forestry research program carried out in the Forestry Products Laboratory, and Rep. Kastenmeier commended the Laboratory on its 50th Anniversary as a "national servant of the American people." pp. 1956-60
24. MINERALS. A subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee the following bills: p. D80  
H. R. 8740, to provide for the leasing of oil and gas interests in certain lands owned by the U. S. in the State of Texas.  
H. R. 7987, with amendment, to authorize the issuance of prospecting permits for phosphate in lands belonging to the U. S.  
H. R. 964 and H. R. 982, with amendment, to amend the Act of Dec. 22, 1923, relating to the issuance of patents of tracts of public land held under color of title, and to provide that patents may be issued under such Act without reservation of minerals.
25. LEGISLATIVE PROGRAM. Rep. McCormack stated that H. R. 9331, the special milk bill will be considered Mon., Feb. 8, followed by the conference report on H. R. 3610, the Federal Water Pollution Act, and the Commerce Dept., and D. C. appropriation bills for 1961. He also stated that the Lincoln's birthday recess

would begin at the close of business Wed., Feb. 10, and end Sun. Feb. 14.  
pp. 1943-4

26. ADJOURNED until Mon., Feb. 8. p. 1943

#### ITEMS IN APPENDIX

27. DEPRESSED AREAS. Extension of remarks of Rep. Saylor urging enactment of Legislation to provide assistance to regions of chronic unemployment. p. A943
28. FARM PROGRAM. Extension of remarks of Rep. Short inserting an article, "Where Modern Efficiency Doesn't Pay Off," and stating that under circumstances as clearly set out in this article "it is difficult to see how the farmer could cut his production and stay in business without an increase in price."  
p. A944  
Extension of remarks of Rep. Schwengel discussing the bills which have been introduced to provide payment-in-kind legislation to deal with the corn-surplus problem and inserting an article, "Solve the Farm Problem This Year 1960."  
pp. A962-3  
Rep. Wolf inserted two articles, "Fewer Farmers Hasn't Solved Income Problem," and "American Farmer Is Unsung Hero." pp. A980-1  
Sen. Mundt inserted an article, "Deficiency Payments Plan Is Under Attack By Canadian Farmers." p. A985
29. FOOD ADDITIVES. Extension of remarks of Sen. Hartke inserting an address by John L. Harvey, Deputy Commissioner, Food and Drug Administration, "Safety for Household and Farm Chemicals." pp. A950-1
30. WATER RESOURCES. Extension of remarks of Rep. Jensen inserting an article urging a carefully worked out long-range program for the conservation of water resources. p. A958
31. FOOD-FOR-PEACE. Extension of remarks of Sen. Church inserting an article by Chester Bowles, "Our Farm Surplus Can Be Their Daily Bread," and stating that Mr. Bowles "speaks with authority of the tremendous impact this program would have in the developing countries." pp. A981-2
32. SURPLUS COMMODITIES; EXPORTS. Rep. Breeding commended and inserted the report compiled by the House Committee on Agriculture on U. S. agricultural exports to Western Europe. pp. A987-990

#### BILLS INTRODUCED

33. PERSONNEL. H. R. 10186, by Rep. Byrne, Pa., H. R. 10204, by Rep. Johnson, Cal., H. R. 10206, by Rep. Lesinski, H. R. 10212, by Rep. Quigley, H. R. 10216, by Rep. Roosevelt, and H. R. 10219, by Rep. Vanik, to adjust the rates of basic compensation of certain officers and employees of the Federal Government; to Post Office and Civil Service Committee.  
H. R. 10188, by Rep. Celler, to include certain officers and employees of the Department of Labor within the provisions of sections 111 and 1114 of title 18 of the United States Code relating to assaults and homicides; to Judiciary Committee.  
H. R. 10197, by Rep. Gubser, to provide for the establishment of rates of compensation for positions in the Federal Government in appropriate relationship to local prevailing rates for similar positions; to Post Office and Civil Service Committee.



## STABILIZATION OF TOBACCO PRICES

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FEBRUARY 4, 1960.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. COOLEY, from the Committee on Agriculture, submitted the following

### REPORT

[To accompany H.R. 9664]

The Committee on Agriculture to whom was referred the bill (H.R. 9664) to stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### PURPOSE OF THE BILL

The purpose of this bill is to prevent the operation of the present parity formula from pushing the support price of tobacco beyond limits which the tobacco industry—producers, warehousemen, users, exporters, and Government officials, alike—believe to be reasonable at present general price levels. The bill will tie the parity price of tobacco directly to the parity index (the cost of things farmers buy) rather than to the 10-year moving average of farm prices. The bill will reduce the price support obligation of the Commodity Credit Corporation and put American tobacco in a more competitive position in future years in both domestic and foreign markets. Under the terms of the bill, the tobacco support level for 1960 will be the same as in 1959 and in subsequent years the support price will be adjusted from the 1959 level in direct proportion to changes in the parity index as defined in section 301(a)(1)(C) of the Agricultural Adjustment Act of 1938, as amended, using the previous 3-year moving average as a base.

#### COMPUTATION OF PARITY

Prior to 1950, the parity price of all agricultural commodities was computed by multiplying the base price of each commodity (established at some previously normal period) by an index number called



the parity index reflecting the increase since that base period in the price of things farmers buy. The effect of this computation was to establish a parity price for each commodity designed to give a unit of that commodity the same relative purchasing power it had in the base period.

In the Agricultural Act of 1948 (with some modifications in the Agricultural Act of 1949) Congress adopted a new parity formula which basically did two things: (1) it substituted a price based on the most recent 10-year average of prices received for each agricultural commodity for the previously fixed price base period; and (2) it added a totally new intercommodity relationship factor in that it provided that the parity index should be applied to agricultural prices as a whole to determine the parity price for all agricultural commodities, but that the parity level of each individual commodity would reflect the relative price of each commodity to the total on the basis of the most recent 10-year market average for each commodity in relation to the 10-year market average for all commodities.

Under the new parity formula when the 10-year average price of some agricultural commodities goes down, the parity price of those commodities will fall proportionately but, since the aggregate level of parity for all farm prices must be retained at the level indicated by application of the parity index, the parity price of other farm commodities will be pushed up in order to average out at the stipulated parity level. Thus, the parity price of those farm commodities which have enjoyed a relatively higher level of prices during the last 10 years may be pushed up disproportionately by application of the formula.

#### APPLICATION TO TOBACCO

Because of the constant application of marketing quotas and the willingness of tobacco producers to keep their production in line with demand, the supply of most types of tobacco has been well in balance with the use of the product for many years. As a result, tobacco prices have maintained a relatively high level, increasing in proportion to general price increases in the economy, while the price of all farm commodities has dropped from 313 percent of the 1910-14 level in February 1951 to 228 percent in December 1959. Through the application of the parity formula explained above, this has had the effect of pushing the parity price of tobacco to a disproportionately higher level than would be the case under a formula taking into consideration only the increased cost of things farmers buy.

The following table shows the effect of the application of the present parity formula on six major commodities. The first column shows the parity price of the commodity as of the beginning of the marketing year in 1955. The second column shows the parity price of the same commodity in December 1959 and the third column shows the percentage of increase or decrease during that period of time. It will be noted that while the parity prices of two commodities (wheat and corn) have actually decreased over that period, the parity prices of Flue-cured and Burley tobacco have increased 14.5 and 24 percent respectively.

*Changes in parity prices: 1955-59*

|                         | 1955 (dollars) | December 1959 (dollars) | Percent of change |
|-------------------------|----------------|-------------------------|-------------------|
| Cotton (July)-----      | 0.352          | 0.379                   | +7.7              |
| Wheat (June)-----       | 2.52           | 2.36                    | -6.4              |
| Corn (February)-----    | 1.82           | 1.71                    | -6.1              |
| Hogs (December)-----    | 20.50          | 21.60                   | +5.4              |
| Tobacco:                |                |                         |                   |
| Flue-cured (March)----- | .537           | .615                    | +14.5             |
| Burley (March)-----     | .513           | .636                    | +24.0             |

## HEARINGS

Hearings on this bill were held on January 14 and 26, 1960. At these hearings representatives of every segment of the tobacco producing, distribution, and utilization industry were represented and testified in favor of the bill. There were no witnesses in opposition to the measure.

More significantly, the proposal resulting in H.R. 9664 was developed by tobacco producers and distributors themselves in a series of meetings extending over several months and embracing every portion of the tobacco-producing area of the United States. So far as is known, there is no organization of tobacco producers or distributors which is opposed to this measure nor are there any individuals who have expressed their opposition to the committee. Following is a list of the organizations which participated in the development of this legislation and have indicated their approval of the bill:

## ORGANIZATIONS SUPPORTING PROPOSED TOBACCO LEGISLATION

Interstate organizations: American Farm Bureau Federation, Burley & Dark Leaf Tobacco Export Association, Burley Auction Warehouse Association, Bright Belt Warehouse Association, Tobacco Associates, Flue-Cured Tobacco Cooperative Stabilization Corp., National Grange, National Farmers Union, Burley Leaf Tobacco Dealers Association, Leaf Tobacco Exporters Association, Plant Food Institute of North Carolina and Virginia, Association of Dark Tobacco Dealers & Exporters, Conn-Mass Tobacco Cooperative, Inc., National Cigar Leaf Tobacco Association.

Kentucky: Kentucky Farm Bureau, Burley Tobacco Growers Cooperative Association, Western Dark-Fire-Cured Tobacco Growers Association, Stemming District Tobacco Association.

Tennessee: Burley Stabilization Cooperative, Eastern Dark-Fire-Cured Tobacco Growers Association.

South Carolina: South Carolina Farm Bureau, South Carolina Grange, South Carolina Tobacco Warehouse Association.

Georgia: Georgia Farm Bureau.

Virginia: Virginia Farm Bureau, Virginia Farmers Union, Virginia Burley Tobacco Growers Association.

North Carolina: Farmers Federation Cooperative, North Carolina Grange, North Carolina Farm Bureau.

Wisconsin: Northern Wisconsin Cooperative Tobacco Pool, Inc.,  
Wisconsin Tobacco Growers Association.

Ohio: Cigar Tobacco Cooperative.

Maryland: Maryland Tobacco Cooperative, Maryland Farm Bureau.

New York: Leaf Tobacco Board of Trade, New York City.

#### COST

There will be no additional administrative cost as the result of enactment of H.R. 9664 and the provisions of the bill itself will substantially reduce the potential obligations of the Commodity Credit Corporation for price support purposes.

#### DEPARTMENTAL POSITION

The following letter from the Secretary of Agriculture indicates that the Department is not opposed to the enactment of this bill.

DEPARTMENT OF AGRICULTURE,  
*Washington, D.C., February 2, 1960.*

HON. HAROLD D. COOLEY,  
*Chairman, Committee on Agriculture,  
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request of January 19, 1960, for a report on H.R. 9664, a bill to stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost.

This Department is not opposed to the passage of this legislation.

Our primary concern is the U.S. tobacco producer. In view of this basic concern, we have for some time been analyzing the effects of the current tobacco program. Also, Members of Congress, tobacco leaders, and other allied interests have been studying the operations of the tobacco program. Out of these studies has come general recognition that we are losing markets at home and abroad. The primary reason for this loss is that year after year the use of 90 percent of parity under the modernized parity formula resulted in raising the tobacco-support prices.

The U.S. Department of Agriculture for the past 2 years has conducted an aggressive educational campaign among tobacco farmers, farm organizations, tobacco congressional leaders, and other allied tobacco interests. The basic facts needed for a realistic tobacco program designed to discourage homogenization in the domestic industry and expand rather than continuously contract our export trade have been made available. Although the United States can produce, competitively, tobacco with a flavor and aroma that cannot be duplicated anywhere else in the world, we are losing our percentage of the export markets at a time when tobacco consumption worldwide is annually increasing at the rate of 5 percent.

Although during the past 7 years farmers have received record average prices and record incomes from the production of tobacco, the Department feels that if we had kept our fair share of the world market at slightly lower prices, our increased production would have given our tobacco farmers an even greater net farm income.



This bill is primarily a recognition by all industry leaders of the deleterious effects on the tobacco producers of the constant increases in support prices under the operation of the present program. While this bill does not go as far as we would like, it is a step in the right direction. Basically, we feel that the tobacco legislation which we recommended in 1959 more nearly meets the problems of the entire tobacco industry. We are not opposed to passage of this legislation because of the following:

1. Our primary interest is the 800,000 farm families that look to tobacco for a major portion of their farm income. The present tobacco program with its built-in formula of ever-increasing levels of price support is speeding homogenization at home and rapidly shrinking our domestic market. Continuation of the present program for another 5 years would critically aggravate the economy of the American tobacco farmer.

2. This legislation eliminates two factors not related to the cost of production that are pyramiding the level of support. These are the increasing 10-year average price received for tobacco and the moving 10-year average index of prices received for all agricultural commodities. The use of the average of the last 3 years' index of prices paid by farmers as provided in this bill offers a substantial measure of stabilization.

3. Tobacco leaders, farm organization leaders, association officials, and their representatives in Congress have demonstrated in 1959 and again in 1960 their willingness to accept realistic quotas as provided by law. The Department has received complete cooperation from the tobacco industry in the disposition of CCC loan stocks. Since January 1, 1959, when loan stocks exceeded 1 billion pounds, 30 percent of these holdings by Commodity Credit Corporation have been absorbed by the industry, and it is expected that another 30 percent will be absorbed in 1960.

4. Under this legislation, it is expected that the Commodity Credit Corporation will have substantially less funds invested in the tobacco price-support operations than would otherwise be invested.

5. Stabilized prices will tend to prevent further loss of markets at home and abroad.

6. This legislation is supported by all farm organizations; warehouses and processing groups; export dealers; and the domestic industry of the United States.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON, *Secretary.*

---

#### CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, and existing law in which no change is proposed is shown in *roman*):

AGRICULTURAL ACT OF 1949

AN ACT To stabilize prices of agricultural commodities

TITLE I—BASIC AGRICULTURAL COMMODITIES

SEC. 101. The Secretary of Agriculture (hereinafter called the “Secretary”) is authorized and directed to make available through loans, purchases, or other operations, price support to cooperators for any crop of any basic agricultural commodity, if producers have not disapproved marketing quotas for such crop, at a level not in excess of 90 per centum of the parity price of the commodity nor less than the level provided in subsections (a), (b), and (c) as follows:

(a) For tobacco (except as otherwise provided herein), corn, and wheat, if the supply percentage as of the beginning of the marketing year is:

The level of support shall be not less than the following percentage of the parity price:

|                                     |    |
|-------------------------------------|----|
| Not more than 102                   | 90 |
| More than 102 but not more than 104 | 89 |
| More than 104 but not more than 106 | 88 |
| More than 106 but not more than 108 | 87 |
| More than 108 but not more than 110 | 86 |
| More than 110 but not more than 112 | 85 |
| More than 112 but not more than 114 | 84 |
| More than 114 but not more than 116 | 83 |
| More than 116 but not more than 118 | 82 |
| More than 118 but not more than 120 | 81 |
| More than 120 but not more than 122 | 80 |
| More than 122 but not more than 124 | 79 |
| More than 124 but not more than 126 | 78 |
| More than 126 but not more than 128 | 77 |
| More than 128 but not more than 130 | 76 |
| More than 130                       | 75 |

For rice of the 1959 and 1960 crops, the level of support shall be not less than 75 per centum of the parity price. For rice of the 1961 crop the level of support shall be not less than 70 per centum of the parity price. For the 1962 and subsequent crops of rice the level of support shall be not less than 65 per centum of the parity price.

(b) For cotton and peanuts, if the supply percentage as of the beginning of the marketing year is:

The level of support shall be not less than the following percentage of the parity price:

|                                     |    |
|-------------------------------------|----|
| Not more than 108                   | 90 |
| More than 108 but not more than 110 | 89 |
| More than 110 but not more than 112 | 88 |
| More than 112 but not more than 114 | 87 |
| More than 114 but not more than 116 | 86 |
| More than 116 but not more than 118 | 85 |
| More than 118 but not more than 120 | 84 |
| More than 120 but not more than 122 | 83 |
| More than 122 but not more than 124 | 82 |
| More than 124 but not more than 125 | 81 |
| More than 125 but not more than 126 | 80 |
| More than 126 but not more than 127 | 79 |
| More than 127 but not more than 128 | 78 |
| More than 128 but not more than 129 | 77 |
| More than 129 but not more than 130 | 76 |
| More than 130                       | 75 |

(c) For tobacco, if marketing quotas are in effect, the level of support shall be 90 per centum of the parity price.

(d) Notwithstanding the foregoing provisions of this section—

(1) if producers have not disapproved marketing quotas for such crop, the level of support to cooperators shall be 90 per centum of the parity price for the 1950 crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect;

(2) if producers have not disapproved marketing quotas for such crop, the level of support to cooperators shall be not less than 80 per centum of the parity price for the 1951 crop of any basic agricultural commodity for which marketing quotas or acreage allotments are in effect;

(3) the level of price support to cooperators for any crop of a basic agricultural commodity, except tobacco, for which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price of such commodity; and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;

(4) [Repealed by section 201 of the Agricultural Act of 1958.]

(5) price support may be made available to noncooperators at such levels, not in excess of the level of price support to cooperators, as the Secretary determines will facilitate the effective operation of the program.

(6) Except as provided in subsection (c) and section 402, the level of support to cooperators shall be not more than 90 per centum and not less than 82½ per centum of the parity price for the 1955 crop of any basic agricultural commodity with respect to which producers have not disapproved marketing quotas; within such limits, the minimum level of support shall be fixed as provided in subsections (a) and (b) of this section.

(7) Where a State is designated under section 335(e) of the Agricultural Adjustment Act of 1938, as amended, as outside the commercial wheat-producing area for any crop of wheat, the level of price support for wheat to cooperators in such State for such crop of wheat shall be 75 per centum of the level of price support to cooperators in the commercial wheat-producing area.

(e) [Notwithstanding any of the provisions of this Act, section 2 of the Act of July 28, 1945 (59 Stat. 506) shall continue in effect.]

(f) The provisions of this Act relating to price support for cotton shall apply severally to (1) American upland cotton and (2) extra long staple cotton described in subsection (a) and ginned as required by subsection (c) of section 347 of the Agricultural Adjustment Act of 1938, as amended, except that, notwithstanding any of the foregoing provisions of section 101 of this Act, the level of support to cooperators for the 1957 and each subsequent crop of extra long staple cotton, if producers have not disapproved marketing quotas therefor, shall not exceed the same per centum of the parity price as for the 1956 crop and shall be determined after consideration of the factors specified in section 401(b) and the price levels for similar qualities of cotton produced outside the United States: *Provided*, That such level of price support shall be not less than 60 per centum of the parity price. Disapproval by producers of the quota proclaimed under such section 347 shall place into effect the provisions



of section 101(d)(3) of this Act with respect to the extra long staple cotton described in subsection (a) of such section 347. Nothing contained herein shall affect the authority of the Secretary under section 402 to make support available for extra long staple cotton in accordance with such section 402.

*SEC. 106. Notwithstanding any of the provisions of section 101 of this Act: (a) For the 1960 crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be the level at which the 1959 crop of such kind of tobacco was supported, or if marketing quotas were disapproved for the 1959 crop of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect. (b) For the 1961 crop and each subsequent crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be determined by adjusting the support level for the 1959 crop of such kind of tobacco, or if marketing quotas were disapproved for the 1959 crop of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect, by multiplying such support level for the 1959 crop by the ratio of (i) the average of the index of prices paid by farmers, including wage rates, interest, and taxes, as defined in section 301(a)(1)(C) of the Agricultural Adjustment Act of 1938, as amended, for the three calendar years immediately preceding the calendar year in which the marketing year begins for the crop for which the support level is being determined to (ii) the average index of such prices paid by farmers, including wage rates, interest, and taxes for the calendar year 1959.*

**LOANS ON TOBACCO—Act of July 28, 1945—Sec. 2.** [Notwithstanding any other provision of law, the Commodity Credit Corporation is authorized and directed, beginning with the 1945 crop, to make available upon any crop of fire-cured, dark air-cured and Virginia sun-cured tobacco, if producers have not disapproved marketing quotas for such tobacco for the marketing year beginning with the calendar year in which such crop is harvested, loans or other price support at, in the case of fire-cured tobacco, 75 per centum of the loan rate for burley tobacco for the corresponding crop and, in the case of dark air-cured and Virginia sun-cured tobacco, at 66½ per centum of such burley tobacco loan rate: *Provided, That, beginning with the 1958 crop, the levels of support for such kinds of tobacco shall not exceed the higher of (a) the level applicable to the 1957 crop or (b) 90 per centum of the parity price.* (59 Stat. 506)]



Union Calendar No. 534

86TH CONGRESS  
2D SESSION

# H. R. 9664

[Report No. 1242]

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 18, 1960

Mr. ABBITT introduced the following bill; which was referred to the Committee on Agriculture

FEBRUARY 4, 1960

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

## A BILL

To stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 That title I of the Agricultural Act of 1949, as amended,  
4 is hereby further amended by adding at the end thereof a  
5 new section 106, as follows:

6 "SEC. 106. Notwithstanding any of the provisions of sec-  
7 tion 101 of this Act: (a) For the 1960 crop of any kind of  
8 tobacco for which marketing quotas are in effect, or for  
9 which marketing quotas are not disapproved by producers,  
10 the support level in cents per pound shall be the level at



1 which the 1959 crop of such kind of tobacco was supported,  
2 or if marketing quotas were disapproved for the 1959 crop  
3 of such kind of tobacco, the level at which the 1959 crop  
4 of such kind of tobacco would have been supported if mar-  
5 keting quotas had been in effect. (b) For the 1961 crop  
6 and each subsequent crop of any kind of tobacco for which  
7 marketing quotas are in effect, or for which marketing  
8 quotas are not disapproved by producers, the support level in  
9 cents per pound shall be determined by adjusting the support  
10 level for the 1959 crop of such kind of tobacco, or if market-  
11 ing quotas were disapproved for the 1959 crop of such kind  
12 of tobacco, the level at which the 1959 crop of such kind of  
13 tobacco would have been supported if marketing quotas had  
14 been in effect, by multiplying such support level for the 1959  
15 crop by the ratio of (i) the average of the index of prices  
16 paid by farmers, including wage rates, interest, and taxes, as  
17 defined in section 301 (a) (1) (C) of the Agricultural Ad-  
18 justment Act of 1938, as amended, for the three calendar  
19 years immediately preceding the calendar year in which the  
20 marketing year begins for the crop for which the support  
21 level is being determined to (ii) the average index of such  
22 prices paid by farmers, including wage rates, interest, and  
23 taxes for the calendar year 1959."



1        SEC. 2. Section 101 (e) of the Agricultural Adjustment  
2   Act of 1949 (63 Stat. 1051; 7 U.S.C. 1441 (e) ) and sec-  
3   tion 2 of the Act of July 28, 1945, as amended (59 Stat.  
4   506; 7 U.S.C. 1312 note) are hereby deleted.

Union Calendar No. 534

86<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 9664**

[Report No. 1242]

# A BILL

To stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost.

By Mr. ABRITT

JANUARY 18, 1960

Referred to the Committee on Agriculture

FEBRUARY 4, 1960

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed





100th CONGRESS  
H. R. 9664

(House Doc. 1001)

# A BILL

to amend the Internal Revenue Code of 1954 to provide for the taxation of certain income from the sale of certain property, and for other purposes.

Enacted at Washington, D. C., on \_\_\_\_\_, 19\_\_\_\_.

Approved \_\_\_\_\_, 19\_\_\_\_.

By \_\_\_\_\_, Secretary of the Treasury.

# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

Issued February 9, 1960  
For actions of February 8, 1960  
86th-2d, No. 21

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HIGHLIGHTS: House passed special milk program bill. Senate committee reported bill to modify tobacco price supports. House Rules Committee cleared for debate today, Feb. 9, bill to modify tobacco price supports. House received supplemental appropriation estimates for this Department. House committee reported Commerce Department appropriation bill. House committee reported bill to continue increased durum wheat allotments for certain Calif. areas. House passed D. C. appropriation bill. House received USDA proposed bill to establish policy for multiple use management of forests. Sen. Stennis and others urged additional funds for forest research.

## SENATE

1. TOBACCO. The Agriculture and Forestry Committee reported without amendment S. 2845, to modify price supports for tobacco (S. Rept. 1081) (the purpose of the bill is to tie the parity price of tobacco directly to the parity index rather than to the 10-year moving average of farm prices). p. 1966
2. FORESTRY. Sen. Stennis commended the work of the Forest Service, urged that an additional \$6 million be made available this year for forest research, particularly for "the construction of badly needed laboratories and other research facilities" and for "strengthening vitally important programs and vigorously attacking new problems heretofore untouched," and stated that only \$1,700,000

of his proposed \$6 million has been included in the President's budget for fiscal year 1961. Several Senators commended Sen. Stennis' statement and urged additional funds for forest research. pp. 1939-95

Sen. Wiley inserted resolutions from the Citizens Natural Resources Assoc. of Wisc. urging enactment of legislation to provide for the establishment of wilderness areas, and to provide for the establishment of a youth conservation corps. p. 1966

3. LIVESTOCK DISEASE. Sen. Schoeppel inserted a Kan. Legislature resolution urging continuation of the brucellosis eradication program. pp. 1965-6
4. FOREIGN AFFAIRS; RESEARCH. The Foreign Relations Committee reported without reservation an "agreement on the importation of educational, scientific, and cultural materials" (Exec. Rept. 1). p. 1975
5. NOMINATIONS. Confirmed the nomination of Brooks Hays to be a member of the Board of Directors of TVA. pp. 1976, 2039
6. ITEM VETO; APPROPRIATIONS. Sen. Keating urged the enactment of legislation to grant the President authority to veto individual items in appropriations bills. p. 1982
7. FOREIGN AID. Sen. Monroney inserted an address by David Lilienthal discussing the need for economic aid to underdeveloped countries. pp. 2008-10
8. COMMITTEE INVESTIGATIONS. Agreed to the following resolutions:
  - S. Res. 234, to authorize the Judiciary Committee to investigate administrative practices and procedures in departments and agencies in the exercise of their rule-making, licensing, and adjudicatory functions. pp. 2028-30
  - S. Res. 246 and S. Res. 248, to authorize the Government Operations Committee to investigate the efficiency and economy of operations of all branches of the Government. pp. 2030-1, 2031-2
  - S. Res. 238, to authorize the Judiciary Committee to investigate the anti-trust and antimonopoly laws of the U. S. pp. 2032-7

#### HOUSE

9. SPECIAL MILK. Passed as reported H. R. 9331, to increase the authorized maximum expenditure for the special milk program for the fiscal years 1960 and 1961. (pp. 2065-73) As passed the bill increases by \$4 million (to \$85 million) for the fiscal year 1960, and by \$1 million (to \$85 million) for the fiscal year 1961, the maximum amount of CCC funds which may be used for the special milk program, and authorizes the appropriation of not to exceed \$15 million, in addition to the amounts made available from CCC, as may be deemed to be necessary for the fiscal year 1961.
10. COMMERCE APPROPRIATION BILL, 1961. The Appropriations Committee reported, on Feb. 5, without amendment H. R. 10234, the Commerce and related agencies appropriation bill (H. Rept. 1247)(p. 2091). The bill includes funds for completion of data processing and publication of preliminary State and county data for the Census of Agriculture. It also includes \$36 million for financing forest highways out of trust funds. The committee report includes the following statements:



Feb 8, 1960

"Annualization" Increases:

"The budgets for certain agencies in this bill contained sizable increases over the current year for the specific purpose of placing on a full-year basis in 1961 certain activities accelerated during fiscal 1960 with increased appropriations granted in the 1960 bill. These increases are identified as 'annualization' of activities financed for only a portion of fiscal 1960 and were so justified. They aggregate a not inconsiderable sum.

"Without undertaking to lay down any hard and fast rule because there will on occasion be instances justifying exception -- and clearly recognizable as such -- the annualization procedure is generally viewed as impractical. Uncertainties inherent in budget making and reviewing are such that, as a general rule, the going size of a continuing-type program or activity should be financed within amounts granted in a given year rather than gearing the first year, or initial expenditure level to further increase in funds automatically assumed to be forthcoming. Unforeseeable changes in conditions may necessitate future funding decisions which would, during fruition of the 'annualization' concept, be disruptive of orderly program planning and result in inefficient use of public funds. The practice tends to introduce undesirable rigidities in the budget and appropriations processes. Furthermore, while first-year staffing under such conditions will often be so staggered during the year as to result in unusually large 'lapses' representing that portion of the year the new positions are not filled, and therefore to that extent not requiring dollars to cover, the 'annualization' increase required for the personnel for the full 12 months in the second year can often be met by funds provided in the first year for non-recurring items of equipment, lapses and savings within the total activity spectrum embraced by the appropriation, and the like."

"Accordingly, the Committee desires that those having responsibility for planning and budgeting undertake to follow the general rule of avoiding the 'annualization' practice."

Century 21 Exposition:

"Funds for participation in this exposition totaling \$9,000,000 were appropriated in the supplemental chapter of the Mutual Security Appropriation Bill late in the last session of the Congress. As the Committee had not had an opportunity to review the program the Acting Commissioner was called before it to give a report on progress to date and future planning. The Committee was disturbed to learn plans are being made to include foreign exhibits in the Federal building which will be constructed with appropriated funds, and that a European representative has been added to the staff for the purpose of soliciting and approving exhibits. The Committee is opposed to the employment of any person to be sent abroad for such purposes and directs that none of the funds heretofore appropriated be spent for foreign travel. Any request for additional funds for expenses of participation in the Exposition will be looked on with disfavor."

1. SUPPLEMENTAL APPROPRIATIONS. Received from the President supplemental appropriation estimates for the fiscal year 1960 (H. Doc. 327); to Appropriations Committee. This document includes the following items for this Department: Commodity Credit Corporation, for restoration of balance of 1958 and part of 1959 realized losses, \$675,000,000; Commodity Credit Corporation, increase in administrative expense limitation, \$800,000; Commodity Stabilization Service, for acreage allotments and marketing quotas, \$1,666,800; and Forest Service, for fighting forest fires, \$21,000,000. p. 2091

Feb 8, 1960

12. WHEAT. The Agriculture Committee reported without amendment S. 623, to provide a 2-year extension of the existing provision for a minimum wheat-acreage allotment in the Tulalake area of Calif. (H. Rept. 1254). p. 2092
13. TOBACCO. The Rules Committee reported a resolution for consideration of H. R. 9664, to stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm costs. p. 2092
14. TEXTILES. Rep. Lane criticized the administration's policy on tariffs and stated that "we must have some form of equalizing legislation to protect us from foreign sweatshop competition." p. 2074
15. MEAT IMPORTS. Rep. Hoeven assured Congress that imported Canadian pork would not hurt domestic producers and inserted his correspondence with the Department to back his stand. p. 2075
16. CHEMICALS. Rep. Horan criticized the Delaney Amendment, which provides that no substance which has caused cancer may be used in feeds as a deterrent to research in the chemical field. p. 2075-6
17. FORESTRY. Received a letter from this Department transmitting a draft of proposed legislation "To authorize and direct that the national forests be managed under principles of multiple use and to produce a sustained yield of products and services"; to Agriculture Committee. p. 2091
18. D. C. APPROPRIATIONS BILL, 1961. Passed without amendment H. R. 10233, the District of Columbia appropriation bill for the fiscal year 1961. pp. 2051-3, 2057-64. The Appropriations Committee had previously reported (on Feb. 5) this bill without amendment (H. Rept. 1246).
19. SMALL BUSINESS. The Select Committee on Small Business reported on the organization and operation of the Small Business Administration pursuant to H. Res. 51 (H. Rept. 1252). p. 2092
20. APPROPRIATIONS; FORESTRY. Received from the Budget Bureau a report that the appropriation for this Department for "Forest protection and utilization, Forest Service," has been apportioned on a basis indicating the need for a supplemental for fighting forest fires. p. 2091
21. LEGISLATIVE PROGRAM. Rep. McCormack stated that H. R. 9664, to stabilize support levels for tobacco against disruptive fluctuations, would be considered today, Feb. 9. p. 2044 In addition, the "Daily Digest" states the house will consider the conference report on H. R. 3610, to amend the Federal Water Pollution Control Act to increase grants for construction of sewage treatment works, and H. R. 10234 the Commerce appropriation bill. p. D85

#### ITEMS IN APPENDIX

22. ECONOMIC POLICIES. Sen. Bennett inserted an address by Sen. Robertson, "Fiscal and Monetary Policies in a Changing Economy." pp. A991-2
23. TAXATION. Extension of remarks of Rep. Dooley inserting a statement which was presented before the House Ways and Means Committee concerning the justification for the tax-exemption provisions applying to cooperatives. pp. A997-9



## TOBACCO PRICE SUPPORT

FEBRUARY 8, 1960.—Ordered to be printed

Mr. COOPER (for Mr. JORDAN), from the Committee on Agriculture and Forestry, submitted the following

## REPORT

[To accompany S. 2845]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2845) to stabilize the price support of tobacco, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would stabilize the support price for tobacco by providing that the support level for any kind of tobacco for which marketing quotas are not disapproved shall be based on its 1959 crop support level in dollars and cents (or on what that level would have been if marketing quotas had not been disapproved) as follows:

(1) For the 1960 crop the support level would be the same as for the 1959 crop.

(2) For the 1961 and each subsequent crop the support level would be determined by multiplying the 1959 support level by the ratio of (i) the average parity index for the 3 calendar years ending last before the beginning of the marketing year for the crop to (ii) the average parity index for 1959.

Tobacco support prices under existing law are based on modernized parity prices, which in turn are based not only on the parity index, but also the adjusted base price of the commodity. The latter takes into account the recent 10-year price of the commodity and the recent 10-year average index of prices received by farmers. Since tobacco prices have been rising, largely as a result of strict acreage controls combined with an effective price-support program, while other prices received by farmers have been falling during this 10-year period, the parity price for tobacco has been rising at a greater rate than other commodities, with consequent increases in tobacco support prices. The bill is designed to stabilize this support price with a view to maintaining and increasing the U.S. share of world markets and permitting increases in acreage allotments.



The bill would also eliminate the provisions relating to the support prices of Fire-cured, dark air-cured, and Virginia sun-cured tobacco to the support price for burley tobacco.

The following tables prepared by the Department of Agriculture illustrate the effect of the bill on tobacco-support prices.

TABLE 1.—*Flue-cured and burley tobacco: Support level 1959, and projected levels for 1960 and 1961 by alternate methods of computation*

[Cents per pound]

| Crop      | Calculation <sup>1</sup> for— |          |            |          |
|-----------|-------------------------------|----------|------------|----------|
|           | Flue-cured                    |          | Burley     |          |
|           | Modernized                    | Proposed | Modernized | Proposed |
| 1959..... | 55.5                          | -----    | 57.2       | -----    |
| 1960..... | 57.5                          | 55.5     | 60.0       | 57.2     |
| 1961..... | 59.0                          | 55.5     | 62.0       | 57.2     |

<sup>1</sup> Modernized projections made on the basis of recent trends in prices for comparison purposes only. Proposed levels as indicated by bills to stabilize tobacco-price supports (January 1960).

NOTE.—Example of calculation of support level by proposed legislation, for Flue-cured tobacco:

1. 1960 support level same as 1959 (55.5 cents per pound).

2. For 1961, the support level will be determined as follows:

1958 annual index of prices paid..... 293

1959 annual index of prices paid..... 298

1960 <sup>2</sup> annual index of prices paid..... 303

1958-60 average, annual index of prices paid..... 298

1958-60 average of index of prices paid..... 298

1959 index of prices paid, 100 percent..... 298

55.5 cents per pound  $\times$  100 percent = 55.5 cents per pound.

3. For 1962, the previous 3 years' average index of prices paid will include 1959, 1960, and 1961,

and this average will be divided by 298 (the 1959 index).

<sup>2</sup> Not an estimate, but used for explanatory purposes only.

TABLE II.—*Method of computing parity and loan level—Flue-cured tobacco, 1954-57 crops*

|                                                                                                                                                                                                                 | 1954<br>crop | 1955<br>crop | 1956<br>crop | 1957<br>crop | 1958<br>crop | 1959<br>crop |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1. Average price of Flue-cured in the most recent 10 years (cents per pound).....                                                                                                                               | 48.2         | 49.3         | 50.3         | 50.6         | 52.0         | 52.9         |
| For 1954 crop, 1944-53 average.....                                                                                                                                                                             |              |              |              |              |              |              |
| For 1955 crop, 1945-54 average.....                                                                                                                                                                             |              |              |              |              |              |              |
| For 1956 crop, 1946-55 average.....                                                                                                                                                                             |              |              |              |              |              |              |
| For 1957 crop, 1947-56 average.....                                                                                                                                                                             |              |              |              |              |              |              |
| For 1958 crop, 1948-57 average.....                                                                                                                                                                             |              |              |              |              |              |              |
| For 1959 crop, 1949-58 average.....                                                                                                                                                                             |              |              |              |              |              |              |
| 2. Average of the indexes of prices received by farmers for all commodities in the most recent 10 calendar years as percent of 1910 to 1914.....                                                                | 256          | 261          | 265          | 265          | 261          | 256          |
| For 1954 crop, 1944-53 average.....                                                                                                                                                                             |              |              |              |              |              |              |
| For 1955 crop, 1945-54 average.....                                                                                                                                                                             |              |              |              |              |              |              |
| For 1956 crop, 1946-55 average.....                                                                                                                                                                             |              |              |              |              |              |              |
| For 1957 crop, 1947-56 average.....                                                                                                                                                                             |              |              |              |              |              |              |
| For 1958 crop, 1948-57 average.....                                                                                                                                                                             |              |              |              |              |              |              |
| For 1959 crop, 1949-58 average.....                                                                                                                                                                             |              |              |              |              |              |              |
| 3. Adjusted base price (divide item 1 by item 2) (cents per pound).....                                                                                                                                         | 18.8         | 18.9         | 19.0         | 19.1         | 19.9         | 20.7         |
| 4. (a) Index of prices paid by farmers (parity index) including interest, taxes, and wage rates as percent of 1910 to 1914, as of date of announced minimum loan level (usually mid-February or mid-March)..... | 283          | 284          | 282          | 295          | 304          | (1)          |
| (b) Mid-June index of prices paid (parity index).....                                                                                                                                                           | 282          | 282          | 286          | 296          | 305          | 298          |
| 5. Parity as of date of announced minimum (multiply item 3 by item 4a) (cents per pound).....                                                                                                                   | 53.2         | 53.7         | 53.6         | 56.3         | 60.2         | -----        |
| 6. 90 percent of parity as of date of announced minimum loan level (cents per pound).....                                                                                                                       | 47.9         | 48.3         | 48.2         | 50.7         | 54.2         | -----        |
| 7. Parity, July 1 (multiply item 3 by item 4b) (cents per pound) (effective parity).....                                                                                                                        | 53.0         | 53.3         | 54.3         | 56.5         | 60.7         | 61.7         |
| 8. 90 percent of parity, July 1 (cents per pound).....                                                                                                                                                          | 47.7         | 48.0         | 48.9         | 50.8         | 54.6         | 55.5         |
| 9. Loan level (higher of items 6 or 8) (cents per pound).....                                                                                                                                                   | 47.9         | 48.3         | 48.9         | 50.8         | 54.6         | 55.5         |

<sup>1</sup> No minimum price-support level announced for 1959.

## DEPARTMENTAL REPORT

DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
*Washington, February 2, 1960.*

HON. ALLEN J. ELLENDER,  
*Chairman, Agriculture and Forestry Committee,*  
*U.S. Senate.*

DEAR SENATOR ELLENDER: This is in reply to your request for a report on S. 2845, a bill to stabilize the price support of tobacco.

This Department is not opposed to the passage of this legislation.

Our primary concern is the U.S. tobacco producer. In view of this basic concern, we have for some time been analyzing the effects of the current tobacco program. Also, Members of Congress, tobacco leaders, and other allied interests have been studying the operations of the tobacco program. Out of these studies has come general recognition that we are losing markets at home and abroad. The primary reason for this loss is that year after year the use of 90 percent of parity under the modernized parity formula resulted in raising the tobacco support prices.

The U.S. Department of Agriculture for the past 2 years has conducted an aggressive educational campaign among tobacco farmers, farm organizations, tobacco congressional leaders, and other allied tobacco interests. The basic facts needed for a realistic tobacco program designed to discourage homogenization in the domestic industry and expand rather than continuously contract our export trade have been made available. Although the United States can produce, competitively, tobacco with a flavor and aroma that cannot be duplicated anywhere else in the world, we are losing our percentage of the export markets at a time when tobacco consumption worldwide is annually increasing at the rate of 5 percent.

Although during the past 7 years farmers have received record average prices and record incomes from the production of tobacco, the Department feels that if we had kept our fair share of the world market at slightly lower prices, our increased production would have given our tobacco farmers an even greater net farm income.

This bill is primarily a recognition by all industry leaders of the deleterious effects on the tobacco producers of the constant increases in support prices under the operation of the present program. While this bill does not go as far as we would like, it is a step in the right direction. Basically, we feel that the tobacco legislation which we recommended in 1959 more nearly meets the problems of the entire tobacco industry. We are not opposed to passage of this legislation because of the following:

1. Our primary interest is the 800,000 farm families that look to tobacco for a major portion of their farm income. The present tobacco program with its built-in formula of ever-increasing levels of price support is speeding homogenization at home and rapidly shrinking our domestic market. Continuation of the present program for another 5 years would critically aggravate the economy of the American tobacco farmer.

2. This legislation eliminates two factors, not related to the cost of production, that are pyramiding the level of support. The use of the average of the last 3 years' index of prices paid by farmers as provided in this bill offers a substantial measure of stabilization.

3. Tobacco leaders, farm organization leaders, association officials, and their representatives in Congress have demonstrated in 1959 and again in 1960 their willingness to accept realistic quotas as provided by law. The Department has received complete cooperation from the tobacco industry in the disposition of CCC loan stocks. Since January 1, 1959, when loan stocks exceeded 1 billion pounds, 30 percent of these holdings by Commodity Credit Corporation have been absorbed by the industry, and it is expected that another 30 percent will be absorbed in 1960.

4. Under this legislation it is expected that the Commodity Credit Corporation will have substantially less funds invested in the tobacco support price operations than would otherwise be invested.

5. Stabilized prices will tend to prevent further loss of markets at home and abroad.

6. This legislation is supported by all farm organizations; warehouses and processing groups; export dealers; and the domestic industry of the United States.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON, *Secretary*.

#### CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

#### AGRICULTURAL ACT OF 1949

SEC. 101. The Secretary of Agriculture (hereinafter called the "Secretary") is authorized and directed to make available through loans, purchases, or other operations, price support to cooperators for any crop of any basic agricultural commodity, if producers have not disapproved marketing quotas for such crop, at a level not in excess of 90 per centum of the parity price of the commodity nor less than the level provided in subsections (a), (b), and (c) as follows:

(a) For tobacco (except as otherwise provided herein), corn, and wheat, if the supply percentage as of the beginning of the marketing year is:



The level of support shall be not less than the following percentage of the parity price:

|                                     |    |
|-------------------------------------|----|
| Not more than 102                   | 90 |
| More than 102 but not more than 104 | 89 |
| More than 104 but not more than 106 | 88 |
| More than 106 but not more than 108 | 87 |
| More than 108 but not more than 110 | 86 |
| More than 110 but not more than 112 | 85 |
| More than 112 but not more than 114 | 84 |
| More than 114 but not more than 116 | 83 |
| More than 116 but not more than 118 | 82 |
| More than 118 but not more than 120 | 81 |
| More than 120 but not more than 122 | 80 |
| More than 122 but not more than 124 | 79 |
| More than 124 but not more than 126 | 78 |
| More than 126 but not more than 128 | 77 |
| More than 128 but not more than 130 | 76 |
| More than 130                       | 75 |

\* \* \* \* \*

(c) For tobacco, if marketing quotas are in effect, the level of support shall be 90 percentum of the parity price.

(d) Notwithstanding the foregoing provisions of this section—

\* \* \* \* \*

(3) the level of price support to cooperators for any crop of a basic agricultural commodity, except tobacco, for which marketing quotas have been disapproved by producers shall be 50 per centum of the parity price of such commodity; and no price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved by producers;

\* \* \* \* \*

[(e) Notwithstanding any of the provisions of this Act, section 2 of the Act of July 28, 1945 (59 Stat. 506) shall continue in effect.]

\* \* \* \* \*

*SEC. 106. Notwithstanding any of the provisions of section 101 of this Act: (a) For the 1960 crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be the level at which the 1959 crop of such kind of tobacco was supported, or if marketing quotas were disapproved for the 1959 crop of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect. (b) For the 1961 crop and each subsequent crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be determined by adjusting the support level for the 1959 crop of such kind of tobacco, or if marketing quotas were disapproved for the 1959 crop of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect, by multiplying such support level for the 1959 crop by the ratio of (i) the average of the index of prices paid by farmers, including wage rates, interest, and taxes, as defined in section 301(a)(1)(C) of the Agricultural Adjustment Act of 1938, as amended, for the three calendar years immediately preceding the calendar year in which the marketing year begins for the crop for which the support level is being determined to (ii) the average index of*

*such prices paid by farmers, including wage rates, interest, and taxes for the calendar year 1959.*

ACT OF JULY 28, 1945

【Sec. 2. Notwithstanding any other provision of law, the Commodity Credit Corporation is authorized and directed, beginning with the 1945 crop, to make available upon any crop of fire-cured, dark air-cured and Virginia sun-cured tobacco, if producers have not disapproved marketing quotas for such tobacco for the marketing year beginning with the calendar year in which such crop is harvested, loans or other price support at, in the case of fire-cured tobacco, 75 per centum of the loan rate for burley tobacco for the corresponding crop and, in the case of dark air-cured and Virginia sun-cured tobacco, at 66⅔ per centum of such burley tobacco loan rate: *Provided, That,* beginning with the 1958 crop, the levels of support for such kinds of tobacco shall not exceed the higher of (a) the level applicable to the 1957 crop or (b) 90 per centum of the parity price.】









Calendar No. 1110

86TH CONGRESS  
2D SESSION

**S. 2845**

[Report No. 1081]

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IN THE SENATE OF THE UNITED STATES

JANUARY 18, 1960

Mr. JORDAN (for himself, Mr. COOPER, Mr. ERVIN, Mr. JOHNSTON of South Carolina, Mr. MORTON, Mr. KEFAUVER, Mr. THURMOND, and Mr. ROBERTSON) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

FEBRUARY 8, 1960

Reported by Mr. COOPER (for Mr. JORDAN), without amendment

---

**A BILL**

To stabilize the price support of tobacco.

1     *Be it enacted by the Senate and House of Representa-*  
2     *tives of the United States of America in Congress assembled,*  
3     That title I of the Agricultural Act of 1949, as amended,  
4     is hereby further amended by adding at the end thereof  
5     a new section 106, as follows:  
6     “SEC. 106. Notwithstanding any of the provisions of  
7     section 101 of this Act: (a) For the 1960 crop of any  
8     kind of tobacco for which marketing quotas are in effect,  
9     or for which marketing quotas are not disapproved by  
10    producers, the support level in cents per pound shall be the

1 level at which the 1959 crop of such kind of tobacco was  
2 supported, or if marketing quotas were disapproved for  
3 the 1959 crop of such kind of tobacco, the level at which  
4 the 1959 crop of such kind of tobacco would have been  
5 supported if marketing quotas had been in effect. (b) For  
6 the 1961 crop and each subsequent crop of any kind of  
7 tobacco for which marketing quotas are in effect, or for  
8 which marketing quotas are not disapproved by producers,  
9 the support level in cents per pound shall be determined  
10 by adjusting the support level for the 1959 crop of such  
11 kind of tobacco, or if marketing quotas were disapproved for  
12 the 1959 crop of such kind of tobacco, the level at which  
13 the 1959 crop of such kind of tobacco would have been  
14 supported if marketing quotas had been in effect, by multi-  
15 plying such support level for the 1959 crop by the ratio  
16 of (i) the average of the index of prices paid by farmers,  
17 including wage rates, interest, and taxes, as defined in  
18 section 301 (a) (1) (C) of the Agricultural Adjustment Act  
19 of 1938, as amended, for the three calendar years immedi-  
20 ately preceding the calendar year in which the marketing  
21 year begins for the crop for which the support level is being  
22 determined to (ii) the average index of such prices paid by  
23 farmers, including wage rates, interest, and taxes for the  
24 calendar year 1959."



1        SEC. 2. Section 101 (e) of the Agricultural Adjustment  
2    Act of 1949 (63 Stat. 1051; 7 U.S.C 1441 (e) ) and sec-  
3    tion 2 of the Act of July 28, 1945, as amended (59 Stat.  
4    506; 7 U.S.C. 1312 note) are hereby deleted.

86TH CONGRESS  
2D SESSION

**S. 2845**

[Report No. 1081]

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**A BILL**

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To stabilize the price support of tobacco.

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By Mr. JORDAN, Mr. COOPER, Mr. ERVIN, Mr.  
JOHNSTON of South Carolina, Mr. MORTON,  
Mr. KEFAUVER, Mr. THURMOND, and Mr.  
ROBERTSON

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JANUARY 18, 1960

Read twice and referred to the Committee on  
Agriculture and Forestry

FEBRUARY 8, 1960

Reported without amendment

## CONSIDERATION OF H.R. 9664

---

FEBRUARY 8, 1960.—Referred to the House Calendar and ordered to be printed

---

Mr. TRIMBLE, from the Committee on Rules, submitted the following

### REPORT

[To accompany H. Res. 440]

The Committee on Rules, having had under consideration House Resolution 440, report the same to the House with the recommendation that the resolution do pass.





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House Calendar No. 183

86TH CONGRESS  
2D SESSION

**H. RES. 440**

[Report No. 1255]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 1960

Mr. TRIMBLE, from the Committee on Rules, reported the following resolution;  
which was referred to the House Calendar and ordered to be printed

**RESOLUTION**

- 1      *Resolved*, That upon the adoption of this resolution it  
2 shall be in order to move that the House resolve itself into  
3 the Committee of the Whole House on the State of the Union  
4 for the consideration of the bill (H.R. 9664) to stabilize sup-  
5 port levels for tobacco against disruptive fluctuations and to  
6 provide for adjustment in such levels in relation to farm cost.  
7 After general debate, which shall be confined to the bill,  
8 and shall continue not to exceed one hour, to be equally  
9 divided and controlled by the chairman and ranking minority  
10 member of the Committee on Agriculture, the bill shall be  
11 read for amendment under the five-minute rule. At the  
12 conclusion of the consideration of the bill for amendment,

1 the Committee shall rise and report the bill to the House with  
 2 such amendments as may have been adopted, and the pre-  
 3 vious question shall be considered as ordered on the bill and  
 4 amendments thereto to final passage without intervening  
 5 motion except one motion to recommit.

House Calendar No. 183

86TH CONGRESS  
 2D SESSION

**H. RES. 440**

[Report No. 1255]

## RESOLUTION

Providing for the consideration of H.R. 9664,  
 a bill to stabilize support levels for tobacco  
 against disruptive fluctuations and to pro-  
 vide for adjustment in such levels in relation  
 to farm cost.

By Mr. TRIMBLE

FEBRUARY 8, 1960

Referred to the House Calendar and ordered to be  
 printed







Feb 9, 1960

- S. Res. 241, authorizing the Judiciary Committee to study the revision and codification of the U. S. Statutes. pp. 2118-9
- S. Res. 242, authorizing the Judiciary Committee to investigate the administration of laws relating to internal security. pp. 2118-9
- S. Res. 230, authorizing investigations by the Interior and Insular Affairs Committee, including public lands. pp. 2127-8
- S. Res. 225, authorizing the Select Committee on Small Business to investigate problems of small business. pp. 2128-30

6. ADJOURNED until Thurs., Feb. 11 (p. 2142). Agreed to a unanimous consent request by Sen. Mansfield for the Senate to adjourn from the close of business Thurs., Feb. 11, until Mon., Feb. 15 (p. 2141).

### HOUSE

7. TOBACCO. Passed without amendment H. R. 9664, to tie the parity price of tobacco directly to the parity index rather than to the 10-year moving average of farm prices. Under the bill the tobacco support level for 1960 would be the same as in 1959 and in subsequent years the support price would be adjusted from the 1959 level in direct proportion to changes in the parity index, using the previous 3-year moving average as a base. pp. 2158-65
8. WATER POLLUTION. The House agreed to the conference report on H. R. 3610, to amend the Federal Water Pollution Control Act to increase grants for construction of sewage treatment works. pp. 2144-6
9. FARM PROGRAM. Rep. Albert criticized the President for continuing "to make the wheat farmer the whipping boy of American agriculture" and questioned whether the President would sign a wheat bill. p. 2144
10. COMMERCE APPROPRIATION BILL. Passed with amendments this bill, H. R. 10234. pp. 2146-58
- An item of \$36 million, "Forest Highways (Trust Fund) (Liquidation of Contract Authorization," was stricken on a point of order by Rep. Mills. p. 2156
11. WATER CONSERVATION. Rep. Aspinall urged consideration of his bill, H. R. 3704, to redefine the authority of the Secretary of the Interior and others with respect to the formulation and evaluation of projects for the development of the National water resources, and to establish a water resources commission. pp. 2165-7
12. STOCKPILING. Received a letter from GSA transmitting a notice of proposed disposition of approximately 17,426 pounds of guayule seeds now held in the national stockpile; to the Armed Services Committee. p. 2171
13. REGULATORY AGENCIES. The Interstate and Foreign Commerce Committee submitted an interim report on investigation of regulatory commissions and agencies (H. Rept. 1258). p. 2171

### ITEMS IN APPENDIX

14. FARM PROGRAM. Extension of remarks of Rep. Wilson inserting results of a legislative questionnaire including questions on price support programs. p. A1080
- Rep. Bass inserted an article, "Can Farmers Survive the Long Run?" which criticizes the administration's farm program. p. A1087
- Extension of remarks of Rep. Dulski stating that "the farm subsidy system is the dole system, no matter by what fancy or justification it is promoted,"



and that "the American people are being taken by the farm program." pp. A1096, A1109

15. WATER RESOURCES. Extension of remarks of Rep. Edmondson inserting an address by the president, Miss. Valley Ass'n, and stating that it "points up in positive terms our tremendous future needs for water and for water development in this country." pp. A1084-5  
Rep. Edmondson also inserted an address by Maj. Gen. Walter K. Wilson, Deputy Chief of Engineers for Construction, on this same subject. pp. A1098-1100
16. SURPLUS FOOD. Extension of remarks of Sen. Schoeppel inserting a Sumner County Farmers Union resolution requesting that the "barter provision, again, be made a part of Public Law 480." p. A1088
17. TRANSPORTATION; SURPLUS FOODS. Extension of remarks of Sen. Javits criticizing the shipping policies of Government agencies and the Arab boycott, including Commodity Credit Corporation shipments of surplus foods under Public Law 480. p. A1091
18. FOREIGN AID. Extension of remarks of Rep. Smith, Kans., inserting an article, "The Impact of Our Foreign Aid Giveaway Program on the American Economy." pp. A1092-5
19. SUGAR. Sen. Cotton inserted a newspaper article including the gist of a speech given by Sen. Bridges suggesting that the U. S. stop buying Cuban sugar and stop tourist spending as a means of touching "Cuba's pocket-book nerve," and helping nations "with which we are on friendly terms." p. A1095  
Rep. Haley inserted a newspaper article criticizing U. S. support of the Cuban sugar industry in the face of Cuban insults and Communist harassment. pp. A1100-1
20. FORESTRY. Extension of remarks of Rep. Porter criticizing the Forest Service appropriations as being inadequate and inserting an editorial stating that an additional \$20 million would be needed to carry out the National Forest Program as it was proposed last year. pp. A1107-8
21. ELECTRICITY. Rep. Holland inserted an article commending REA on its 25th Anniversary and discussing its place in the American rural scene. pp. A1108-9

#### BILLS INTRODUCED

22. PERSONNEL. H. R. 10298, by Rep. Lane, and H. R. 10318, by Rep. Zelenko, to adjust the rates of basic compensation of certain officers and employees of the Federal Government; to Post Office and Civil Service Committee.  
H. R. 10317, by Rep. Wilson, to provide a health benefits program for certain retired employees of the Government; to Post Office and Civil Service Committee.
23. TRANSPORTATION. S. J. Res. 158, by Sen. Javits (for himself and others), and H. J. Res. 606, by Rep. Derounian, to establish a National Advisory Committee on Rail Transportation; to Senate and House Interstate and Foreign Commerce Committees. Remarks of Sen. Javits. pp. 2098-9
24. FOREIGN TRADE. H. R. 10296, by Rep. Dingell, to prohibit agencies of the United States from imposing contractual provisions boycotting vessels trading with Israel; to Merchant Marine and Fisheries Committee.



States, but it is in the interests of the national economic health of the entire country that West Virginia not be short changed as she has been in so many ways by the Federal Government. For the rate of unemployment in our State is the highest in the Nation, and the Department of Commerce is concerned with helping industrial development. Surely it would cut our unemployment rate, for the benefit of the entire Nation, if greater strides were made in industrial development.

Yet the Business and Defense Services Administration, with field offices in 33 States, does not even have a field office in West Virginia. Huntington, W. Va., with a population of 86,353 according to the 1950 census, would be an ideal location for such a field office.

Some may say that these 33 field offices have been located in various cities because the cities are larger than Huntington. If this be the case, then why have field offices of the Business and Defense Services Administration been located at the following points, where the 1950 census figures indicate the population is smaller than Huntington?

| City:                 | 1950<br>population |
|-----------------------|--------------------|
| Charleston, S.C.----- | 70,174             |
| Greensboro, N.C.----- | 74,389             |
| Cheyenne, Wyo.-----   | 31,935             |
| Reno, Nev.-----       | 32,497             |

I cannot figure out why the Department of Commerce devotes its main emphasis to making the rich States richer, and ignores States like West Virginia where the unemployment rate is high but the potential for industrial development is great.

Mr. Chairman, a recent article in the Saturday Evening Post quoted someone as saying that West Virginia is not the Switzerland of America but is the Afghanistan of the United States. I bitterly resent such comments as this, written up by an itinerant writer who has failed to understand the nature of our State and its great future. Yet, if West Virginia were Afghanistan, then my State would immediately be eligible for the foreign aid it cannot now get through area redevelopment and other legislation which would help us.

In conclusion, I would like the RECORD to show that West Virginia has contributed vast natural resources to the development of our entire continent. She has given not only her treasure but of her blood, for a higher percentage of West Virginians fought in the Korean conflict than from any other State, and a higher percentage of West Virginians were killed and wounded in that conflict than from any other State.

Can you blame us, then, for only asking for an even break?

The Clerk read as follows:

GENERAL PROVISION—THE PANAMA CANAL

SEC. 201. The Governor of the Canal Zone is authorized to employ services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), in an amount not exceeding \$30,000: *Provided*, That the rates for individuals shall not exceed \$100 per diem.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 20, line 22, strike the period, insert a colon, and add the following: "*Provided further*, That no part of any appropriation contained in title II of this Act shall be used to construct a flagpole, platform, or any other device for the purpose of displaying the flag of Panama in the Canal Zone, the sovereign control of which is vested in the United States Government by virtue of long standing treaty."

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I do not believe this amendment needs further explanation. I will reread it. The amendment simply provides that—

No part of any appropriation contained in title II of this act shall be used to construct a flag pole, platform, or any other device for the purpose of displaying the flag of Panama in the Canal Zone, the sovereign control of which is vested in the U.S. Government by virtue of longstanding treaty.

I am unalterably opposed to the flag of Panama being flown in the sovereign territory of the United States of America; and I am opposed to any money being expended for the purpose.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I am happy to yield.

Mr. FLOOD. I am for the gentleman's amendment, period.

Mr. GROSS. I thank the gentleman.

Mr. PRESTON. Mr. Chairman, I rise to comment on the amendment.

The gentleman from Iowa [Mr. Gross] is rather unpredictable. He is great on amendments and he has an uncanny facility for offering amendments that you somehow have to adopt. I cannot in good conscience oppose an amendment like this because I feel too deeply about the sacredness of the treaty under which we occupy the Canal Zone in the Republic of Panama.

I think it is tragic indeed that the State Department has not been as staunch and as stout as it might in its determination to help us maintain our sovereignty in the Canal Zone. I suspect that Governor Potter has operated down there under considerable difficulty in this regard. It is lamentable that we do not have a unified approach in the Canal Zone to maintain our sovereignty. The State Department has been vacillating and has shown evidence of weakness on this matter, all to the harm and injury of our country and its position in trying to maintain this very vital canal.

Mr. RIVERS of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. PRESTON. I am glad to yield briefly to the gentleman.

Mr. RIVERS of South Carolina. Mr. Chairman, I think those of us who heard the speech made by the gentleman from Pennsylvania [Mr. Flood] on this very subject cannot, also in good conscience, oppose an amendment of this character.

Mr. PRESTON. I thank the gentleman for his observation.

Mr. Chairman, this amendment is not subject to a point of order. It appears to be germane although, in effect, it further enunciates a policy in the last

two lines of the amendment. It appears to be a limitation. How it should be dealt with, we will have to determine later on in conference. Personally, I can see no good and valid reason why this language should not be added to the bill. If we believe as we do about this flag business in Panama, let us use every means at our command to maintain our position and keep the Panamanian flag out of the Canal Zone.

Everybody who knows anything about the Canal Zone knows that, once they plant their flag there, our police will never be able to control those who insist on rioting and damaging our property, burning railroad coaches and throwing rocks at our policemen—they will never be able to keep them out without serious bloodshed. So I do not think we ought to yield. We ought to remain adamant, firm, and stiffen the back of the State Department, and do everything we can on this point. Therefore, I cannot oppose this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. Gross].

The amendment was agreed to.

The CHAIRMAN. The Clerk will read. The Clerk concluded the reading of the bill.

Mr. BAILEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, may I inquire regarding the item for the operation of the St. Lawrence Seaway, do we understand that that expense will be covered by tolls? What is the purpose of this?

Mr. PRESTON. This is for the administrative expenses of the Seaway. It is a limitation for administrative expenses only.

Mr. BAILEY. The gentleman means the administrative expense is not going to be paid out of revenues, out of tolls?

Mr. PRESTON. Yes. The cost to the Government will be repaid presumably, and we hope, from revenues, but this is a limitation on the administrative expense of operating the St. Lawrence Seaway.

Mr. BAILEY. It does not mean you are going to spend all of that money, it is merely a limitation?

Mr. PRESTON. This is a limitation.

Mr. BAILEY. It is not an authorization?

Mr. PRESTON. It is a limitation.

Mr. BAILEY. I thank the gentleman.

Mr. SMITH of Mississippi. Mr. Chairman, I want to take this opportunity to thank the Commerce Subcommittee for its action in directing the Weather Bureau to extend to the entire alluvial plain of the Mississippi Valley the pilot agricultural weather service that has been operating in the Mississippi Delta for the past year or so.

I first recommended this program in 1958, and I share the pride and gratitude of the farmers, the Weather Bureau, and the committee in its success. This experimental program in specialized agricultural forecasting has included not only broader coverage in type of information made available to the farmers of the area, but research into the types of additional information that are needed for various crops.



Local organizations and radio stations have cooperated to get this new and vital information to the farmers. As one example of what has been accomplished, the county agents in my area tell me that the specific information on soil temperatures and special forecasts that the farmers have received from this experimental service has saved the replanting of an estimated 200,000 acres. At an estimated \$5 per acre replanting cost, you can readily see what this kind of service means to the farmers in just one of its aspects.

The committee has now recommended that the Weather Bureau extend this service throughout the alluvial plain, covering parts of Arkansas, Louisiana, Mississippi, Missouri, and Tennessee, and I am confident that when the program has been enlarged under this plan it will point the way to agricultural weather services that should be made available to every similar agricultural area of the country where crop production, soil and rainfall, and similar weather conditions make each of those areas a single agricultural community.

The Weather Bureau is to be commended for its work on this program, and the committee has approved an enlargement which I am proud to have recommended that should ultimately be of great economic benefit to our farmers all over the country.

Mr. MONAGAN. Mr. Chairman, I am happy to support the 1961 Commerce appropriations bill.

This first reason for gratification in connection with this bill is the fact that it reduces the President's budget request by \$39 million and lowers from 1,070 to 261 the increases in positions asked for by the President. If this sort of action can be continued in the rest of the 1961 budget, it will certainly help our overall financial picture.

I am happy to vote for the bill for another reason. That is the provision of \$2.6 billion for the highway trust fund. Although this appropriation represents a reduction of \$340 million from last year, it must be realized that spending from this fund had been increased due to the depression of 1957-58. With this reduction, next year will see a return to a fairly constant level of spending.

From the point of view of the Fifth District of Connecticut, the important thing about the provision of these moneys is the realization that Federal funds will be available to the State of Connecticut to render their vital assistance to our badly needed highway construction program.

Mr. PRESTON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FORAND, Chairman of the Committee of the Whole House on the State of the Union, reported that Committee, having had under consideration the bill (H.R. 10234) making appropriations for the

Department of Commerce and related agencies for the fiscal year ending June 30, 1961, and for other purposes, had directed him to report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. PRESTON. Mr. Speaker, I move the previous question on the bill and the amendment thereto to final passage.

The previous question was ordered.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

#### GENERAL LEAVE TO EXTEND REMARKS

Mr. PRESTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the Record on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

#### STABILIZATION OF TOBACCO PRICES

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 440 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9664) to stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. TRIMBLE. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN], and now yield myself such time as I may consume.

Mr. Speaker, House Resolution 440 makes in order the consideration of H.R. 9664, to stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such

levels in relation to farm cost. The resolution provides for an open rule with 1 hour general debate.

The purpose of this bill is to prevent the operation of the present parity formula from pushing the support price of tobacco beyond limits which the tobacco industry believes to be reasonable at present general price levels. The bill will tie the parity price of tobacco directly to the cost of things farmers buy rather than to the 10-year moving average of farm prices, and it will reduce the price support obligation of the Commodity Credit Corporation and put American tobacco in a more competitive position in future years in both domestic and foreign markets.

Under the terms of the bill, the tobacco support level for 1960 will be the same as in 1959 and in subsequent years the support price will be adjusted from the 1959 level in direct proportion to changes in the parity index, using the previous 3-year moving average as a base.

Hearings on this bill were held on January 14 and 26, 1960, at which time representatives of every segment of the tobacco producing, distribution, and utilization industry were represented and testified in favor of the bill. There were no witnesses in opposition to the measure.

More significantly, the proposal resulting in H.R. 9664 was developed by tobacco producers and distributors themselves in a series of meetings extending over several months and embracing every portion of the tobacco-producing area of the United States. So far as is known, there is no organization of tobacco producers or distributors which is opposed to this measure, nor are there any individuals who have expressed their opposition to the committee.

There will be no additional administrative cost as the result of enactment of H.R. 9664 and the provisions of the bill itself will substantially reduce the potential obligations of the Commodity Credit Corporation for price support purposes.

I urge the adoption of the rule.

(Mr. TRIMBLE asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, I join in the statement made by the distinguished gentleman from Arkansas. This resolution making the consideration of this bill in order was reported unanimously by the Committee on Rules after hearing testimony which indicated that the Committee on Agriculture, which reported the proposed legislation, did so by a unanimous vote. Everyone seemingly supports this legislation.

Mr. Speaker, I have no requests for time. I ask the adoption of the rule and yield back the balance of my time.

Mr. TRIMBLE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the



State of the Union for the consideration of the bill (H.R. 9664) to stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 9664, with Mr. EDMONDSON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from North Carolina [Mr. COOLEY] will be recognized for 30 minutes, and the gentleman from Pennsylvania [Mr. DAGUE] will be recognized for 30 minutes.

The Chair recognizes the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, I yield to the gentleman from Virginia [Mr. ABBITT], the author of the bill and chairman of the Subcommittee on Tobacco of the House Committee on Agriculture.

Mr. ABBITT. Mr. Chairman, I desire to make a brief explanation of this legislation. I am delighted that support for the measure is unanimous. The purpose of the bill is to stabilize the price of tobacco so as to prevent its continued spiraling due to the modernized parity formula. We have had a splendid tobacco program. It has operated magnificently and at no appreciable cost to the Government. But, due to the modernized parity and the fact that tobacco prices have maintained a steady and reasonable return to the producers, it has forced the support level up until we are fearful that it might price our tobacco out of the world markets. It would have no appreciable effect on the domestic market, but we are in keen competition with other countries whose labor receives a very small rate of pay, and it is therefore hard for us to compete with them with our tobacco support prices being continually forced upward. In an endeavor to get this matter worked out satisfactorily, the producers and other segments of the tobacco industry have spent long hours trying to work out a formula acceptable to all segments of the industry. This bill is the result of the efforts of all of those interested in the entire industry including the Members of Congress both in the House and in the other body representing the tobacco producing areas. The language of the bill was prepared in conjunction with and in collaboration with the technicians in the Department of Agriculture. I am happy to report that we have received a report from the Department, and they have expressed the belief that this legislation is a long step in the right direction, and that it will prevent the continuing spiraling of support prices. The Secretary, I am happy to report, has no objection to the enactment of this legislation.

Mr. Chairman, I would like to quote at this point the names of the organizations which are supporting this legisla-

tion. These can be found on page 3 of the report.

Interstate organizations: American Farm Bureau Federation, Burley & Dark Leaf Tobacco Export Association, Burley Auction Warehouse Association, Bright Belt Warehouse Association, Tobacco Associates, Flue-Cured Tobacco Cooperative Stabilization Corp., National Grange, National Farmers Union, Burley Leaf Tobacco Dealers Association, Leaf Tobacco Exporters Association, Plant Food Institute of North Carolina and Virginia, Association of Dark Tobacco Dealers & Exporters, Conn-Mass Tobacco Cooperative, Inc., National Cigar Leaf Tobacco Association.

Kentucky: Kentucky Farm Bureau, Burley Tobacco Growers Cooperative Association, Western Dark-Fire-Cured Tobacco Growers Association, Stemming District Tobacco Association.

Tennessee: Burley Stabilization Cooperative, Eastern Dark-Fire-Cured Tobacco Growers Association.

South Carolina: South Carolina Farm Bureau, South Carolina Grange, South Carolina Tobacco Warehouse Association.

Georgia: Georgia Farm Bureau.

Virginia: Virginia Farm Bureau, Virginia Farmers Union, Virginia Burley Tobacco Growers Association.

North Carolina: Farmers Federation Cooperative, North Carolina Grange, North Carolina Farm Bureau.

Wisconsin: Northern Wisconsin Cooperative Tobacco Pool, Inc., Wisconsin Tobacco Growers Association.

Ohio: Cigar Tobacco Cooperative.

Maryland: Maryland Tobacco Cooperative, Maryland Farm Bureau.

New York: Leaf Tobacco Board of Trade, New York City.

Briefly, this bill provides that the support price for tobacco in 1960 shall be the same as in 1959, and in subsequent years the support price will be adjusted from the 1959 level in direct proportion to changes in the parity index as defined in section 301(a)(1)(C) of the Agricultural Adjustment Act of 1938, as amended, using the previous 3-year moving average as a base.

I hope that this bill will have the unanimous support of the Members of this House.

Mr. MATTHEWS. Mr. Chairman, will the gentleman yield?

Mr. ABBITT. I yield.

Mr. MATTHEWS. I would like to associate myself with the views of the gentleman from Virginia, and I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. MATTHEWS. Mr. Chairman, I am delighted to join with my colleagues of the Committee on Agriculture in supporting this important tobacco legislation which we are now discussing. Just yesterday, our Committee on Agriculture presented a bill extending the special milk program which was overwhelmingly approved by the House, and I was glad to support this important measure. I am hopeful that sometime during this present year our Committee on Agriculture can look into the school lunch program because in Florida I have found that our people who administer this

great program feel that there are a number of opportunities to improve it.

I predict that this measure today will be overwhelmingly approved by the House and that our Committee on Agriculture will be off to a much better start insofar as a unity of feeling is concerned than we have had during the past several years.

The purpose of this tobacco legislation is to stabilize the price of tobacco so that we can maintain our export markets. The measure is important to the people in my district because just about all of the flue-cured tobacco in Florida is produced in the Eighth District. Last year, for example, Florida produced 19,390,000 pounds of flue-cured tobacco. The return to our farmers was over \$10 million. There are about 6,000 flue-cured tobacco farmers in the Eighth District of Florida and they have a tremendous stake in the future of our tobacco program.

I want to take this opportunity to compliment the tobacco producers of America, and in fact, the whole tobacco industry. I think the tobacco program has served as a splendid example as to what can be accomplished if the producers are willing to accept the disciplines of the program. Now, our tobacco farmers, of course, would like to have much more in the way of an acreage allotment. If I had my way about it, I would insist that every flue-cured tobacco farmer have a minimum of 3 acres. It is necessary to have this minimum in order to have enough production for the barn and other equipment that is necessary for the production of flue-cured tobacco. However, our farmers realize that in order to have a price-support program which guarantees them a fair return on what they produce, it is necessary to accept disciplines that are even harsh.

At the present time, I have pending before our Committee on Agriculture, H.R. 8819, a measure which would permit the lease and transfer of tobacco acreage allotments. I am hopeful that we can get favorable action on this important legislation this year, because I believe it would be of tremendous help to our small farmer. If this measure were passed, it would mean that a farmer with 1 acre of Flue-cured tobacco could—on a year-to-year basis with the approval of his county committee—lease acreage on another farm within the same county that might be a number of miles away. Thus, it is conceivable that he could have 2 or 3 acres of Flue-cured tobacco which would make a profitable operation. In my bill, there is protection against the possibility of more production and at a hearing in my district in Live Oak, Fla., this past year, the measure met with almost 100-percent approval.

The measure that we are now considering is identical to my bill, H.R. 9738. I say again that I am for it, and I hope and believe that it will enable us to keep our export markets in tobacco. Our farmers are meeting with tougher competition every day from overseas. Because of our foreign policy, we have sent



technicians throughout the world teaching our friends the most modern methods of production in agriculture. The products of their fields have often come back to haunt us; and yet we find that in the quality of our tobacco that we still are superior. Those in the export market tell us that they can sell our quality tobacco, provided the price is not too high. I feel that in the Eighth District of Florida that we produce, year after year, a type of Flue-cured tobacco, the quality of which is not surpassed anywhere in the world. It is interesting to note this past year, according to the information I have, that less than 1 percent of the production of the Flue-cured tobacco in the Eighth District of Florida went into the hands of the Stabilization Committee. This means, of course, that 99 percent of our tobacco found an immediate market.

I want to thank the members of our committee on both sides of the aisle, the Department of Agriculture, and all phases of the tobacco industry for their cooperation in making it possible for us to present this united support on this measure today. I hope this bill will be passed by an overwhelming vote.

Mr. DAGUE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, as a member of the Committee on Agriculture for more than 13 years, I have consistently opposed the rigid high support 90 percent of parity price-fixing concept. The farmers from the district which I have the privilege to represent have also expressed their antipathy toward the tobacco program by overwhelming margins on many occasions. I am supporting H.R. 9664, the bill now before us, because it is a step away from rigid 90 percent of parity price supports for tobacco, a program many of us have considered unwise for some time.

Before getting into the operations of this bill, Mr. Chairman, I would at the outset of my remarks briefly like to review a few of the more important actions that this administration has taken to enhance the efficiency of the present tobacco program. These include steps under which:

First. Compliance checking has been strengthened.

Second. The penalty for excess production has been increased to 75 percent of the previous year's average price.

Third. Credit has been eliminated for overplanting.

Fourth. During recent years of abnormal supply adjustment the full authority of the Secretary in increasing marketing quotas to avoid undue restrictions of marketing has been used.

Fifth. Increased administrative expenses have substantially strengthened the overall program.

Sixth. Certain varieties of flue-cured tobacco that produce a large proportion of undesirable leaf are being discouraged by heavy discounts under the price-support program.

Seventh. A direct attack has been made on the surplus problem by an expedited sales program including Public Law 480 and by means of barter. There have moved about 250 million pounds of

tobacco through title I of the Public Law 480 program and some 20 million pounds by barter.

Eighth. The soil bank acreage reserve was used as a temporary emergency program, and it aided substantially in the reduction of surplus tobacco.

Ninth. To help dispose of old stocks of dark tobacco, some of the grower associations in recent years made sales of old stocks on a competitive bid basis. This action not only helped dispose of these burdensome stocks but also made it possible to increase the movement of tobacco into those world markets that can afford to purchase tobacco only at relatively low prices.

Tenth. Foreign currencies resulting from Public Law 480 sales have been used to promote and develop new markets abroad for U.S. tobacco through market development projects. These projects are carried out cooperatively with U.S. and foreign trade groups. Promotional programs have helped advertise and expand consumption of tobacco products containing U.S. leaf. Some of the more important accomplishments under these projects are as follows: (a) Several countries including the United Kingdom were enabled to build up stocks of U.S. leaf to more normal levels; (b) several countries including Thailand, Japan, and Finland have been able to introduce new brands of cigarettes containing U.S. tobacco; and (c) consumption of U.S. leaf in Japan has been substantially increased.

Eleventh. Department of Agriculture tobacco experts have been sent abroad to study and evaluate firsthand the foreign tobacco situation for recommendations on U.S. tobacco programs and international trade.

In spite of these constructive activities, the rigid 90 percent of parity price-support program based on the modernized parity formula has not worked in a satisfactory manner.

H.R. 9664 provides that the level of price support for each kind of tobacco for which marketing quotas are not disapproved by producers will be as follows:

First. For the 1960 crop, the support level will be the level at which the 1959 crop was supported or would have been supported if marketing quotas had been in effect—in other words, a 1-year freeze.

Second. For the 1961 crop and each subsequent crop, the level of support will be determined by adjusting the 1959 crop support level, or the level at which the 1959 crop would have been supported if marketing quotas had been in effect, upward or downward in proportion to the ratio of (i) the average for the 3 preceding calendar years of the index of prices paid by farmers, including wage rates, interest, and taxes to (ii) the 1959 calendar year average of such index.

Under the modernized parity formula now in effect the price-support levels for the major kinds of tobacco are expected to increase substantially during the years just ahead. For example, the Department of Agriculture estimates that for the next few crop years the price-support level for Flue-cured tobacco will increase from 1.5 to 3 cents per pound each year and for burley tobacco such increase will

be about 2.5 cents or more per pound each year. These projected price increases would critically aggravate an already difficult situation and most likely would cause further substantial loss of our export markets for U.S. tobacco.

As Assistant Secretary Marvin McLain pointed out in his testimony before our committee:

While this bill does not go as far as we would like, it does represent a step in the right direction.

The Department of Agriculture is not opposed to the passage of the bill for the following specific reasons:

1. Our primary interest is the 800,000 farm families that look to tobacco for a major portion of their farm income. The present tobacco program with its built-in formula of ever-increasing levels of price support is speeding homogenization at home and rapidly shrinking our market to domestic requirements.

2. This legislation does eliminate two factors that are pyramiding the level of support. These are the increasing 10-year average price received for tobacco and the moving 10-year average index of prices received for all agricultural commodities. The use of the average of the last 3 years' index of prices paid by farmers as provided in this bill offers substantial stabilizing effects.

3. Tobacco leaders, farm organization leaders, association officials and their representatives in Congress have demonstrated in 1959 and again in 1960 their willingness to accept realistic quotas as provided by law. The Department has received such complete cooperation from the tobacco industry in the disposition of CCC loan stocks that since January 1, 1959, 30 percent of all loan holdings of CCC have been absorbed by the industry, and it is expected that another 30 percent will be absorbed in 1960.

4. Under this legislation it is expected that the Commodity Credit Corporation will have substantially less funds invested in the tobacco price-support operations than would otherwise be invested.

5. Stabilized prices will tend to prevent further loss of markets at home and abroad.

6. This legislation is supported by all farm organizations, warehouses and processing groups, export dealers, and the domestic industry of the United States.

In summary, Mr. Chairman, I am supporting this bill because it is a step toward the President's program. It is my hope that at a later date the President's entire tobacco program will be adopted.

Mr. COOLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from Kentucky [Mr. WATTS].

Mr. WATTS. Mr. Chairman, the district I have the honor to represent, the Sixth District of Kentucky, produces more burley tobacco than any other district in the United States. The continuing success of the tobacco program is therefore of very great importance to the people of my district, of Kentucky, of the other 21 tobacco producing States, and of the entire country. The bill, H.R. 9664, before us for consideration today is a good bill—it is in the interest of the tobacco growers and all other sectors of the tobacco industry and in the interest of our national economy. It is identical with H.R. 9671 which I introduced on January 18. It has the support of all sectors of the tobacco industry and deserves, and I am sure will receive, the support of the Members of Congress from the non-tobacco-producing areas



as well as from the tobacco growing areas.

Mr. Chairman, this piece of tobacco legislation originated at the grassroots, among the people who grow tobacco. As far as I have been able to learn, there is not a bit of opposition from any segment of the tobacco industry; the farmers, the warehousemen, the dealers, the growers, and their association all are united. Also there has been a unison of minds among not only these groups but the farm organizations of this country, the American Farm Bureau, the Grange, and the Farmers Union. The bill also has the approval of the Department of Agriculture.

My good friend, WATT ABBITT, the distinguished chairman of the Tobacco Subcommittee of the House Agriculture Committee, and other colleagues have pointed out why this bill is needed and what its purposes are. I would like very briefly to mention two significant reasons for applauding the fact that this bill is here before us for consideration today. First, it would have been easy for the tobacco people to allow price-support levels to continue to spiral upward in view of the fact that the measure which would have accomplished substantially the same result as the present bill, H.R. 9664, was vetoed last year. But the 20-year record of successful operation of a sound tobacco program was not built by people who folded up in the face of adversity. Instead of quitting, the tobacco people continued to work toward the accomplishment of their objective. The fact that this bill is before us reflects the success of their efforts. It reaches substantially the same result as the bill passed last year and, from the standpoint of technique, is in my opinion, a better bill.

The second significant aspect of the present tobacco situation can be illustrated by about four figures. The total U.S. supply of tobacco has been reduced in 4 years from 6,370 million pounds to 5,801 million pounds. Stocks held under the price support loan program have been reduced from over a billion pounds 3 years ago to about 700 million pounds today and the tobacco price support program is still operating in the black. This remarkable record of adjusting the actual supply to the desirable supply level is the result of facing squarely the fact that a production control and price support program can only be successful when production is effectively controlled.

I am proud of the part Public Law 21, which I sponsored in the House in 1955, has played in firming up the twin pillars upon which the success of the tobacco program is based. These pillars are, first, a balance between supply and demand and, second, fair prices.

Mr. Chairman, this is another step in the efforts that the tobacco growers have made to provide for themselves a sound tobacco program, one that has functioned well, and, that up to this good day, is a support program which has not cost the taxpayers of this country a single dime, and has operated better than any that has been put out by the Federal Government.

Mr. Chairman, I would be completely out of line and remiss in my duties if I did not take this opportunity to evidence my appreciation of the untiring and exhaustive efforts put forth in behalf of this measure by my Kentucky colleagues. Their unison of effort in this instance is only carrying out that which they have always given to measures affecting the tobacco growers of Kentucky and the Nation.

Particularly do I wish to commend the splendid cooperation and the excellent spadework that has been done by my neighboring district colleague, the Honorable FRANK CHELF, of Lebanon. His district, next to mine, is the largest burley producing tobacco district in Kentucky. FRANK, as usual, has been extremely helpful in marshaling the forces; in explaining the purpose and objective of the measure; the need for it and its effect. His versatility in parliamentary procedures; his knowledge of our tobacco program and the needs of the grower and every segment of the industry has come about not only through his own industry, but through the experience that can only be gained by continuity of service in this great legislative body.

Mr. Chairman, this is a good bill and ought to be passed. I am sure it will be.

Mr. LANKFORD. Mr. Chairman, will the gentleman yield?

Mr. WATTS. I yield to the gentleman from Maryland.

Mr. LANKFORD. Mr. Chairman, I take this opportunity to join my colleagues in support of this bill. It is something that is badly needed by the tobacco growers. We in Maryland are 100 percent in support of it, and we feel it will go a long way toward broadening our markets abroad on which we are so dependent.

(Mr. WATTS asked and was given permission to revise and extend his remarks.)

Mr. COOLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from Virginia [Mr. TUCK].

Mr. TUCK. Mr. Chairman, I want to commend the Committee on Agriculture, particularly its distinguished chairman, the gentleman from North Carolina [Mr. COOLEY], and the Subcommittee on Tobacco, particularly its chairman, the distinguished gentleman from Virginia [Mr. ABBITT], for the fine work they have done in bringing this bill to the floor for consideration.

I would like to associate with them and to say I strongly support it.

I rise in support of the bill (H.R. 9664) to stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost.

This proposal has been very carefully considered by our colleagues on the Committee on Agriculture and I hope the bill will pass as reported by that great committee.

A list of the organizations supporting this legislation is contained in House Report No. 1242. Those groups and organizations unanimously adopted a resolution recommending that tobacco legis-

lation be enacted to maintain a continuing program in tobacco and to stabilize the price support of tobacco to prevent its spiraling due to a decline in prices of other agricultural commodities. They recommended that the tobacco support level in 1960 be the same as in 1959 and that in subsequent years the support price be adjusted from the 1959 level in direct proportion to changes in prices paid by farmers for commodities purchased, using the previous 3-year moving average as a base.

This bill spells out a plan which provides that supports will remain this year at the 1959 level and in succeeding years will go up or down in relation to a 3-year average of the price index for commodities which the farmers must buy.

The bill has the support of all segments of the tobacco industry and I believe I voice the overwhelming sentiment among the tobacco growers of my district when I say that they desire the legislation here proposed.

Mr. COOLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from Kentucky [Mr. NATCHER].

(Mr. NATCHER asked and was given permission to revise and extend his remarks.)

Mr. NATCHER. Mr. Chairman, our tobacco program is not one of governmental regimentation, but is a program which permits the farmer to play the leading part in keeping supply in line with demand.

We have price supports of 90 percent of parity on tobacco today due to the fact that the tobacco program has never operated at a loss to the Government and tobacco has always paid its way. Tobacco pays in more ways than one. For instance, the local taxing communities, States, and Federal Government receive some \$2½ billion per annum in taxes alone from tobacco products.

The tobacco producers of Kentucky are united in their support of the tobacco marketing quota price supports and inspection program. In order to maintain price supports at 90 percent, you must have acreage controls.

When tobacco is in trouble, Kentucky is in trouble. Approximately 46 percent of the total farm income from agricultural commodities in Kentucky is received from tobacco.

In order to protect tobacco, we must continue our fight for freer world trade. Over 60 countries have raised the import duties on tobacco and tobacco products. We also find restrictive practices freely employed. Last year one country suddenly increased its import duty on unmanufactured tobacco from 100 to 200 percent. This same country was ready and willing to continue accepting mutual assistance funds from us and at the same time closing the door on American tobacco. At the proper time objections were made and finally the 100 percent increase was removed. Some countries have provisions that tobacco can be imported only on the basis of certification of a deficiency in domestic production.

Mr. Chairman, it is imperative that our domestic and foreign tobacco markets be maintained, and the only way we will ever obtain freer trade in tobacco is to



adopt a policy of protection which will not only be agreed upon, but enforced by our Department of State and our Department of Agriculture.

Mr. COOLEY. Mr. Chairman, I yield such time as he may desire to the distinguished gentleman from Kentucky [Mr. CHELF]. And may I congratulate him for his interest in this legislation and his help to us in all matters pertaining to the welfare of the tobacco farmer.

Mr. CHELF. Mr. Chairman, I sincerely trust that the House will support this legislation today because it is not only needed but it is a fair, honest bill that has the unanimous support of the entire tobacco industry. Believe it or not—Secretary Benson is even in agreement, because in a letter to Hon. HAROLD COOLEY on February 2, 1960, Mr. Benson says:

This Department is not opposed to the passage of this legislative.

Now that is really something.

The Fourth Congressional District of Kentucky—that I have the honor to represent here—is second in burley tobacco production only to the Sixth District of Kentucky so ably and conscientiously represented by my good friend and colleague, JOHN WATTS. In our two districts, we produce approximately 74 percent of all burley tobacco grown in Kentucky which, in turn, markets about 65 percent of the total burley crop raised in the world.

I am strongly in favor of H.R. 9664, introduced by my colleague, the Honorable WATT ABBITT, of Virginia. He has been most kind, understanding, and gracious to all of us who represent tobacco farmers. Although many of us are on other committees of the House, WATT ABBITT, who is the chairman of the Subcommittee on Tobacco of the House Committee on Agriculture, always allows us to come and sit with his committee on every piece of legislation that affects our farmers. We are not only permitted to sit with his committee, we are allowed the privilege of questioning the witnesses and to testify if we so desire. Truly then, due to the kindness of Chairman ABBITT, we are ex officio or unofficial members of his Tobacco Subcommittee, and I want him to know that my people are grateful to him and to Chairman HAROLD COOLEY for this consideration. While it is true that my Kentucky colleagues, JOHN WATTS, CARL PERKINS, FRANK STUBBLEFIELD, and myself have identical bills on this same subject matter, we wholeheartedly join Chairman ABBITT and urge all of our friends here in the House today to support his bill H.R. 9664.

My friends, this bill means the continuation of the financial lifeline of my people because burley tobacco is not only our cash crop but it is our very lifeblood. We have always had a fine tobacco program. Those of us who represent our tobacco farmers have worked diligently and tirelessly over the years to create and maintain it. We have come before you from time to time and have asked voluntarily that our acreage quotas be cut. We did this not because we wanted to do it—but because we wanted to preserve and to protect our market

and our price. Our people were willing to sacrifice in order to maintain our hard-won gains. This legislation—which has already been fully explained to you—will help us to keep our program on solid ground and also help those of us who hail from the tobacco areas from costing the Federal Treasury any money. At present, our tobacco program stands on its own bottom financially—let us keep it that way. I urge your support of H.R. 9664.

Mr. COOLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from Virginia [Mr. JENNINGS].

(Mr. JENNINGS asked and was given permission to revise and extend his remarks.)

Mr. JENNINGS. Mr. Chairman, I am, of course, supporting the passage of H.R. 9664 introduced by the gentleman from Virginia [Mr. ABBITT]. As a matter of fact, I introduced a companion bill, H.R. 9667.

Last year it was my privilege to introduce a bill that had as its objective the stabilization of price support levels for our tobacco. A bill similar to the one I sponsored was passed by both the House and the Senate, but unfortunately it was vetoed when it reached the President.

The 9th District of Virginia, which I represent, is a burley tobacco producing area. I am pleased that the Virginia Burley Tobacco Growers Association has always been behind this and other constructive legislation. It is one of the groups that is now supporting this bill to take the place of the vetoed measure.

The purpose of the bill is, as stated, to stabilize the price of our tobacco. It will not cost the producer; it will not cost the consumer; in effect, it will aid both the producer and the manufacturer in stabilizing tobacco prices and expanding domestic and foreign tobacco markets.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. JENNINGS. I yield to the gentleman from Virginia.

Mr. GARY. I want to say to my distinguished colleague that I come from the largest cigarette manufacturing center in the entire world. My native city of Richmond manufactures more cigarettes than any other community in the world. I want to associate myself with the views of my colleague from Virginia [Mr. JENNINGS], and also associate myself with the patron of this legislation, the gentleman from Virginia [Mr. ABBITT], in the support of his bill.

Mr. JENNINGS. I thank the gentleman for his kind remarks. I regret that the Department of Agriculture, and certain organizations on a national level opposed the bill last year, which, in effect, led to the veto and caused it to wait for 1 year. So, I do urge the passage of this bill, because it is in the best interests of all concerned.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JENNINGS. I yield to the gentleman from Iowa.

Mr. GROSS. Does the gentleman say that this is not going to increase the cost of my smoking tobacco?

Mr. JENNINGS. The gentleman from Iowa can rest assured it will not

cost him anything. I am glad, indeed, that he is one of those who enjoys the pleasure of the tobacco industry in smoking.

Mr. COOLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from Tennessee [Mr. BASS].

[Mr. BASS of Tennessee addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. COOLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from Kentucky [Mr. PERKINS].

(Mr. PERKINS asked and was given permission to revise and extend his remarks.)

Mr. PERKINS. Mr. Chairman, I rise in support of the legislation.

As I understand, this legislation provides that the support price for burley tobacco in 1960 remain at the 1959 level and thereafter be tied to the prices paid for labor and other commodities.

The burley tobacco program perhaps has been the most successful of all the farm programs and is operating at little or no cost to the Government. The burley tobacco farmer continues to show a willingness to cooperate with a sound price support acreage control program. He should not be penalized for the failure of Congress to recognize this attitude which would allow the tobacco program to be emasculated because of the failure of one or two other farm programs.

In the district that I represent, I have some 20,000 small growers and I want to state that they are, in general, satisfied with the present tobacco program. The small grower cannot stand any further reduction in acreage. Personally, I feel the rigid price support program, insofar as burley tobacco is concerned, has worked well. In fact, the support price has only risen 8 cents over the past 6 years, that is from 47 to 55 cents. I want to further state that I am not alarmed by statements that we need flexible price supports.

With respect to the desirability of preventing further increases in tobacco support prices in the immediate future, there is general agreement that unless the support price is stabilized at or near present levels, exports in all probability will decrease. This perhaps could be most serious for the producers of flue-cured and other types of tobacco where as much as 40 percent of the crop is exported. Its influence could spread to the producers of burley and for this reason, I introduced a companion bill and am supporting the legislation.

The tobacco farmer in the counties that I represent cannot absorb additional acreage reductions in the face of current economic conditions.

Mr. COOLEY. Mr. Chairman, I yield such time as he may desire to use to the gentleman from Kentucky [Mr. STUBBLEFIELD].

(Mr. STUBBLEFIELD asked and was given permission to revise and extend his remarks.)

Mr. STUBBLEFIELD. Mr. Chairman, I wish to record my complete support for H.R. 9664. The tobacco producer and trade organizations and our national farm organizations are to be commended



for bringing to the Tobacco Subcommittee of the House Agriculture Committee the proposal which led to the bill before us here today.

I would like to especially commend the two cochairmen of the group representing the 35 organizations supporting this bill. They are Burl St. Clair, president of the Kentucky Farm Bureau Federation, and Fred Royster of Henderson, N.C., managing director of the Bright Belt Auction Warehouse Association. Our tobacco leaders showed wisdom in selecting these two able and distinguished gentlemen to head up this operation. They have done an outstanding job.

Mr. COOLEY. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. VANIK].

(Mr. VANIK asked and was given permission to revise and extend his remarks.)

Mr. VANIK. Mr. Chairman, I want to take this opportunity to indicate my opposition to the continuance of either tobacco or peanuts as basic crops within the program of agricultural supports. Neither crop can qualify as an essential basic food.

However, if the proponents of this legislation are correct in saying that it will reduce Federal contributions to the tobacco support program while increasing gains to the producer, the manufacturer, and the consumer, it will be performing the marvel of recent times in agricultural legislation. The effect of this legislation and its application to other products of American agriculture should be carefully watched.

I want to take this time, Mr. Chairman, to call attention of the members of the Committee on Agriculture who are on the floor today to the fact that the State of Ohio is being sued this week by the Federal Government for the sum of \$28,000 for growing too much wheat on farms in eight mental and penal institutions operated by the State. The wheat raised on these institutional farms is not sold to the public but is used exclusively for making flour and other commodities for these institutions.

The tragedy of this shameful and politically inspired litigation is that Ohio welfare institutions are being fined and penalized for spending money and energy raising grain which the Federal Government refines and offers free of charge as a surplus commodity.

This litigation is unique and raises an important issue between the Federal and State Governments. The constitutional questions involved could become very grave.

This litigation is perhaps the first instance in the history of the United States in which a sovereign State is being sued for refusing a Federal gift.

I hope that your committee will very quickly look into the problem created by the Ohio situation and take such steps as are necessary to eliminate this type of ridiculous litigation between the Federal Government and the several States.

Mr. COOLEY. Mr. Chairman, I yield 2 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, some six or seven of the counties in southwestern West Virginia grow the same type of burley tobacco that is grown in the adjoining area of the great State of Kentucky. The Representatives in the House from Kentucky are unanimous in that this is the proper approach to the legislation, and it is a pleasure for West Virginia to join them in support of this legislation. The distinguished gentleman from Kentucky [Mr. WATTS] said it was a program which was not costing the taxpayers anything. If that be the case, I see no reason why it should not have the unanimous endorsement of the Congress.

Mr. COOLEY. Mr. Chairman, I yield such time as he may desire to the gentleman from North Carolina [Mr. LENNON].

Mr. LENNON. Mr. Chairman, the production of flue-cured tobacco in the Seventh Congressional District of North Carolina is not only our line, it is our way of life. We have in that particular congressional district nine communities that have auction markets.

I certainly am happy to support this legislation because it eliminates factors that have heretofore been geared to the price-support level of flue-cured tobacco. In this bill price support is geared only to the question of the cost of production and nothing else. The growers of North Carolina and the Nation believe in this type of legislation.

I commend the gentleman from Tennessee [Mr. BASS] on putting his finger on the troubles we are having with our surplus programs, the unwillingness of our growers to come to the Congress and ask that their acres be reduced when surpluses accumulate. That has made a success of the tobacco program in this country, the willingness of the growers when the time came to come to the Congress and accept the necessary cuts in acreage in order to keep supplies in line with demands.

This program has never cost the taxpayers of this country one dime. On the contrary, it has brought into the coffers of the Treasury of the United States through the Federal tax on tobacco somewhere in the neighborhood of \$2 billion, and there is another billion that goes into the treasuries of the several States and communities of the country.

I urge the passage of this important and vital legislation.

(Mr. HOEVEN (at the request of Mr. DAGUE) was given permission to extend his remarks at this point in the RECORD.)

Mr. HOEVEN. Mr. Chairman, I rise in support of the bill as introduced by the distinguished gentleman from Virginia and reported unanimously by our Committee on Agriculture. This bill in fact has virtually unanimous support from the entire tobacco industry and from all interested farm organizations. It is not opposed by the Department of Agriculture. I know of no one in the agricultural community who is opposed to it.

I would like to make the record crystal clear as to just what this bill does and why it does it.

In order to understand exactly what this bill does, one must review the operation of the present parity formula.

Prior to 1950 the parity price of all agricultural commodities was computed by multiplying the price received from each commodity during some previous normal period by an index number called the parity index reflecting the increase since that base period in the price of things farmers buy. The effect of this computation was to establish a parity price for each commodity designed to give a unit of that commodity the same relative purchasing power it had in the base period. This computation was called "old parity."

In the Agricultural Acts of 1948 and 1949, Congress adopted a new parity formula which basically did two things: First, it substituted a price based on the most recent 10-year average of prices received for each agricultural commodity for the previously fixed price base period; and second, it added a totally new inter-commodity relationship factor in that it provided that the parity index should be applied to agricultural prices as a whole to determine the parity price for all agricultural commodities, in order that the parity level of each individual commodity would reflect the relative price of each commodity to the total on the basis of the most recent 10-year market average for each commodity in relation to the 10-year market average for all commodities. This calculation is called "modernized parity." All but five commodities are under this modernized parity formula. These five are under what is called "transitional parity" or a statistical program of transferring from old to modernized parity in an orderly manner.

The bill before us provides that the level of price support for each kind of tobacco for which farmers approve marketing quotas will be as follows:

(a) For the 1960 crop the level of support in dollars and cents will be the same as in 1959. This is a 1-year freeze or a ceiling price. It will prevent the price support of tobacco from going any higher in 1960 than it was in 1959.

(b) In 1961 and subsequent years, the year 1959 will be used as a base period and the calculations will be similar, but not identical to, the old parity formula. The level of support in 1959 will be multiplied by the ratio of the moving 3-year parity index to the 1959 parity index. In other words, the bill removes from the modernized formula the 10-year moving average of prices received for all agricultural commodities and changes adjustment of the parity index from a 1-year to a moving 3-year average. In addition, the bill deletes the statistical adjustment of the moving 10-year average of prices received for all commodities.

The following is an example of this calculation on Flue-cured tobacco prepared by the Department of Agriculture:



*Flue-cured tobacco: Example of calculation of support level by proposed legislation*

1. 1960 support level same as 1959 (55.5 cents per pound).
2. For 1961, the support level will be determined as follows:
 

|                                                     |     |
|-----------------------------------------------------|-----|
| 1958 annual index of prices paid <sup>1</sup> ..... | 293 |
| 1959 annual index of prices paid.....               | 298 |
| 1960 <sup>2</sup> annual index of prices paid.....  | 303 |
3. 1958-60 average, annual index of prices paid..... 298
4.  $\frac{1958-60 \text{ average of prices paid } 298}{1959 \text{ index of prices paid } 298} = 100 \text{ percent.}$
5. 55.5 cents per pound  $\times 100 \text{ percent} = 55.5 \text{ cents per pound.}$
6. For 1962, the 3 years annual index of prices paid used will be 1959, 1960, and 1961, and the average of these 3 will be divided by 298 (the 1959 index).

<sup>1</sup> Prices paid by farmers, including wage rates, interest and taxes.

<sup>2</sup> Not an estimate, but used for explanatory purposes only.

In brief, Mr. Chairman, this bill abandons 90 percent of modernized parity and establishes a new and unique type of parity formula for tobacco for the 1961 and subsequent crops. In 1960 there is a plain and simple freeze based on the dollars-and-cents level of support. This is pretty close to my amendment offered to last year's tobacco bill which would have called for a 2-year freeze of tobacco supports until a new formula could be worked out. This bill for all practical purposes is a 2-year freeze on tobacco price supports.

The reasons why we have this bill before us are simply that our American tobacco has been losing many of its export markets because of the statistical abbreviations of the modernized parity formula for tobacco with price supports pegged by law at 90 percent of that formula. Another reason is the fact that unless some action is taken further acreage allotment cuts would be necessary.

In conclusion, Mr. Chairman, this bill stands as recognition of the fact that 90 percent of modernized parity for tobacco is unsound and should be corrected; it will keep tobacco price supports from going above the 1959 level for at least 2 years; it will help us regain some of our oversea markets lost to vigorous foreign competition; it will prevent further acreage allotment cuts for tobacco farmers whose average burley allotment now is only 1.02 acres per farm; and, finally, it will decrease the costs of the tobacco program.

Mr. DAGUE. Mr. Chairman, I yield such time as he may desire to the gentleman from Maine [Mr. McIntire].

(Mr. McIntire asked and was given permission to revise and extend his remarks.)

Mr. McIntire. Mr. Chairman, I would like to take a moment to extend my sincere congratulations to the tobacco industry on its awareness of and proposed solution to the competitive market problems facing that commodity.

This great industry should be congratulated first for recognizing the weaknesses in the present price support system employed for tobacco. The admission that price supports based on 90 percent of the modernized formula may be a bitter pill to swallow for many groups and individuals within the industry, but taking this medicine is a clear tribute to their courage and intelligence. H.R. 9664 which freezes price supports in 1960 and then removes the 10-year moving average of prices received for both tobacco and for all agricultural commodi-

ties while using a 3-year moving average parity index related to a 1959 base period, is indeed a drastic change in the parity formula.

The tobacco industry is to be commended for adopting such a drastic measure which will actually prevent prices from rising for 1 year definitely and for 2 years most probably. It is not often that a commodity group seeks lower prices. Most often it is the reverse.

The industry is to be complimented on its awareness of the effect of foreign competition in the world markets. The industry's action in supporting this legislation serves notice on the world that the American tobacco industry is going to meet competition and that the U.S. Government is not going to hold a price umbrella over continually expanding foreign competitors.

And, finally, Mr. Chairman, the industry should be congratulated for realizing the effect that continually rising support prices have on tobacco growers. It has been pointed out on various occasions by the distinguished gentleman from Kentucky [Mr. Watts] that his burley producers have had acreage cuts of from 45 to 50 percent. This legislation which is designed to prevent any further acreage cuts by moving more tobacco into markets, is sound. H.R. 9664 should be enacted and I give my support to its passage by the House today.

In closing may I commend the gentleman from Virginia [Mr. Abbott] for sponsoring this legislation.

Mr. DAGUE. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. Pirnie].

Mr. Pirnie. Mr. Chairman, as a member of the subcommittee which considered this legislation I should like to express my pleasure at being able to work with our distinguished chairman, the gentleman from Virginia, in bringing to this House constructive legislation which is designed to permit the tobacco industry to hold its position in foreign competition. We believe this measure is constructive, and we are glad it comes before the House with the type of support it is now accorded.

Mr. DAGUE. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. Michel].

Mr. Michel. Mr. Chairman, may I ask the chairman of the committee if I understand correctly that in altering the formula we are in effect raising the price support on tobacco?

Mr. COOLEY. No; it is exactly the opposite.

Mr. Michel. Then we are lowering it?

Mr. COOLEY. It is preventing an increase which would occur unless this legislation is passed.

Mr. Michel. What would the price-support level be, approximately?

Mr. COOLEY. It depends on the different types of tobacco.

Mr. Michel. Are we embracing, then, the Secretary of Agriculture's policy of returning to more flexible price supports if we support this kind of legislation?

Mr. COOLEY. No; we are not adopting Secretary Benson's policy. We are not embracing flexible price supports. We are merely preventing an unusual or undue increase in the price support levels because of the decline in prices of other commodities.

Mr. Michel. I appreciate—

Mr. COOLEY. No; you will never be able to make me say I am embracing Mr. Benson.

Mr. Michel. I appreciate the chairman's comments. I have just been a little bit confused, but I have been enjoying it because this is the first time I can remember in recent years where an agricultural bill came on the floor of the House in which there has been so much agreement and good feeling, and even our Secretary of Agriculture now apparently is being commended indirectly by Members from the tobacco growing regions as to the good sense he is exercising.

Mr. COOLEY. I am perfectly willing to commend the Secretary for embracing the bill prepared by the tobacco industry and presented by the gentleman from Virginia [Mr. Abbott].

Mr. Michel. Does the chairman think there is a possibility of this kind of amicable agreement being reached on any of the other so-called basic crops?

Mr. COOLEY. I am glad the gentleman asked the question. I think if other programs with reference to basic commodities had been administered as effectively as the tobacco program has been administered, they would not be in the difficulties that they are now in. In other words, they did not reduce their production at the time when they should have reduced it. The tobacco farmers have, as indicated in the Secretary's letter, been willing to embrace realistic controls and quotas.

Mr. Michel. When was the time that they should have reduced their production?

Mr. COOLEY. Well, I will tell you when that time was. I think in the middle of 1953 when there was the cessation of hostilities on the fighting front in Korea and we had large crops of all commodities planted, the following year they should have drastically reduced the acreage. That is what we did in tobacco. Tobacco growers have taken as high as a 27-percent reduction in 1 year. The last reduction was 20 percent. We have tried to keep our acreage in line with the demands of the trade.

Mr. Michel. With that much of a reduction in acreage, what has been the result so far as the loss in net income?

Mr. COOLEY. We have had stability of prices straight through year after year. Naturally, the farmer has sustained some loss in his overall volume so far as his income is concerned, but he has been willing to do that and to hold on to this program while the producers of other commodities have not been willing to do that.

Mr. Michel. I appreciate the chairman's replies to my questions. I am glad to see the tobacco farmer doing so well and wish we could say the same for the rest of agriculture. There is no question in my mind that the root of our problem



stems from the fact that the Congress did not face up to its responsibility at the close of World War II. There was absolutely no justification whatsoever in continuing to encourage the marginal and submarginal producer with high rigid price supports after the end of hostilities. We should have returned immediately to prewar conditions, but it just proves again how reluctant the Congress has been to face up to reality, and the longer we delay, the rougher it becomes to take the sugar-coated candy away from the baby.

Mr. COOLEY. Mr. Chairman, I yield to the gentleman from South Carolina [Mr. HEMPHILL], such time as he may desire.

Mr. HEMPHILL. Mr. Chairman, I rise in support of this legislation. I commend the Committee on Agriculture for bringing this bill out. We, in the State of South Carolina, have needed this sort of legislation for a long time, and while very little tobacco is grown in my district, we in our State try to support our statewide industries.

In cooperation with Mr. ABBITT, I introduced an identical bill. I did not ask to be heard before the committee in the interest of having time which would speed this legislation to this floor for debate and passage.

Tobacco is a great crop, and while I use it only sparingly, its impact on the economy of this Nation is a part of our history. I salute the skillful farmers and their fellow workers of the tobacco industry of South Carolina and their country.

I hope this legislation will pass and the President will sign it. It is good for the country as a whole.

My thanks to Mr. ABBITT, of Virginia, chairman COOLEY, of North Carolina; my own colleague from South Carolina, Mr. McMILLAN, and others, for their fine work on this bill.

Mr. COOLEY. Mr. Chairman, I yield to the gentleman from Kentucky [Mr. SPENCE] such time as he may desire.

Mr. SPENCE. Mr. Chairman, I am heartily in favor of this legislation and hope it passes unanimously.

(Mr. SPENCE asked and was given permission to revise and extend his remarks.)

Mr. DAGUE. Mr. Chairman, I yield 1 minute to the gentleman from Iowa [Mr. KYL].

Mr. KYL. Mr. Chairman, I appreciate the wisdom of the southern tobacco farmers in voluntarily reducing their crops. I would like to point out, however, Mr. Chairman, that when they reduce their crops, we, in Iowa, cannot plant burley tobacco, but should our farmers in Iowa voluntarily reduce their acreage, crops of corn could be produced and have been produced in almost all of the Southern States and that differentiation, Mr. Chairman, I think, is something we should bear in mind.

Mr. HECHLER. Mr. Chairman, if ever there was a diamond in the rough, it is the Nation's tobacco program, which glitters as a model of efficiency in an otherwise confused, unfair, and inefficient farm program.

The Nation's tobacco farmers can be justly proud of their record of self-

discipline and voluntary crop controls. They also can point out that the cost of storage of burley tobacco has not been borne by the Government.

In my district live more than nine-tenths of the tobacco farmers of West Virginia. I have tried to represent their interests whenever I could. Since they are all small farmers, with tiny allotments, I have urged that quotas be increased for the smaller farmers. I am realistic, however, and I know that this cannot be done without increasing the sale of burley tobacco.

Therefore, I was happy last year to support a tobacco bill aimed at protecting the Nation's tobacco export markets without destroying the principle of the support program which has served so well.

I joined other tobacco State representatives in deploring the fact that this sensible bill was vetoed by the President.

Now a new bill has been brought before us. The major tobacco-growing and marketing organizations, individual farmers, and Members of Congress from the great tobacco-growing districts all have indicated their support and acceptance of this new bill.

The 1960 bill contains changes which are technical in nature without altering the substance of the 1959 measure. The new 3-year average parity index seems as acceptable as the earlier formula for fixing the price supports to the parity index for a single year—and actually produces a slightly higher figure.

Therefore, with the fervent hope that this new bill will be signed into law to preserve and protect one of the few things that's right about our present farm program, I support and urge passage of this legislation.

Mr. COOLEY. Mr. Chairman, I have no further requests for time.

Mr. DAGUE. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. All time has expired.

The Clerk will read.

The Clerk read as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title I of the Agricultural Act of 1949, as amended, is hereby further amended by adding at the end thereof a new section 106, as follows:*

"SEC. 106. Notwithstanding any of the provisions of section 101 of this Act: (a) For the 1960 crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be the level at which the 1959 crop of such kind of tobacco was supported, or if marketing quotas were disapproved for the 1959 crop of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect. (b) For the 1961 crop and each subsequent crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be determined by adjusting the support level for the 1959 crop of such kind of tobacco, or if marketing quotas were disapproved for the 1959 crop of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect, by multiplying such support level for the 1959 crop

by the ratio of (i) the average of the index of prices paid by farmers, including wage rates, interest, and taxes, as defined in section 301(a)(1)(C) of the Agricultural Adjustment Act of 1938, as amended, for the three calendar years immediately preceding the calendar year in which the marketing year begins for the crop for which the support level is being determined to (ii) the average index of such prices paid by farmers, including wage rates, interest, and taxes for the calendar year 1959."

Sec. 2. Section 101(e) of the Agricultural Adjustment Act of 1949 (63 Stat. 1051; 7 U.S.C. 1441(e)) and section 2 of the Act of July 28, 1945, as amended (59 Stat. 506; 7 U.S.C. 1312 note) are hereby deleted.

The CHAIRMAN. Under the rule the Committee will rise.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. EDMONDSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 9664) to stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost, pursuant to House Resolution 440, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. DAGUE. Mr. Speaker, I ask unanimous consent that the gentleman from Iowa [Mr. HOEVEN], may extend his remarks at the proper place in the RECORD during the consideration of the bill in Committee of the Whole, and to include extraneous matter.

The SPEAKER. Is there objection? There was no objection.

#### GENERAL LEAVE TO EXTEND REMARKS

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may extend their remarks on the bill just passed.

The SPEAKER. Is there objection? There was no objection.

(Mr. LANE asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. LANE'S remarks will appear hereafter in the Appendix.]

#### DEVELOPING THE NATION'S WATER RESOURCES

(Mr. ASPINALL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ASPINALL. Mr. Speaker, one of the most important matters facing this Nation in the years ahead is the conservation, development, and wise use of our limited water resources. With the objective of achieving maximum usefulness of such resources, I introduced



last year an important and far-reaching water policy bill, H.R. 3704. This legislation has been under study and review for a year by the Federal departments and agencies involved, the States, and other interested groups. I hope that it will be ready for congressional consideration in the near future. I would like to briefly explain what is involved in this bill.

The purpose of H.R. 3704 is to establish congressional policy to the effect that the conservation, development, and utilization of the water resources of the United States shall be administered on a comprehensive, multiple-purpose, basin-wide basis so as to achieve maximum usefulness of such resources, and to set up the mechanism or means for carrying out this policy. The establishment of river basin water resources commissions would be authorized to coordinate the planning of water resources developments. The bill also prescribes uniform methods to be followed by all Federal agencies in evaluating projects. The bill is limited to the planning phase of water resources development and does not involve the question of who constructs the works recommended in the basin-wide plan. It is anticipated that a plan would be evolved for each major basin into which all projects, whether they are constructed by the Federal Government or by a State, a local agency or a private corporation, could fit. The legislation does not involve the matter of reimbursability or nonreimbursability of the usual major items of irrigation, flood control, hydroelectric power, and so forth, except that recreational development in connection with multiple-purpose projects would be authorized on a nonreimbursable basis. Otherwise repayment requirements would remain for the most part as presently set out in existing law.

The river basin commission would serve as the principal agency for coordinating Federal, State, and local plans for water resources development in a river basin or a group of related river basins. It would be the mechanism through which Federal agencies, States, and local agencies and interests would prepare and publish joint plans for water resources development. The commission would keep up-to-date comprehensive joint plans for water resources development in the basin and would recommend a schedule of priorities for the collection and analysis of basic data and for investigations and project planning. The commission would have authority to make such studies and investigations as it determined necessary to carry out its responsibility for an overall basin plan.

Each river basin commission would be composed of a full-time chairman, one member from each Federal department or agency having a substantial interest, one member from each affected State, and one member from any interstate compact commission having jurisdiction extending to the waters of the basin. The President could not create a commission in any basin where an existing commission, created by Congress or by compact, was already doing an adequate

job of coordinating water resources planning.

We have been talking multiple-purpose, basinwide development for 30 years but to date no such policy has been established by law. Probably the greatest single weakness in the Federal Government's activities in the field of water resources development is the lack of cooperation and coordination of the Federal agencies with each other and with the States and local interests. This has been occasioned by the fact that the Federal interests in water resources development have been expressed in different laws empowering different agencies to pursue different programs for different purposes without requiring close cooperation and coordination. In other words, Congress has not provided a single, uniform policy or even uniform criteria for planning water projects.

The problems of developing the resources of a basin involve particular needs and uses of water, which uses at times vary widely. The problems involve different groups and agencies pressing for development for particular purposes. One group will be seeking flood control, another navigation, another group will be asking for assistance in irrigation development while others will be seeking hydroelectric power development, fish and wildlife and recreational development, and so forth. The need for some entity to coordinate all the various proposals in a basin and fit them into an overall plan for getting maximum usefulness from our water resources has long been recognized. This bill proposes that this coordination be done by a river basin water resources commission.

Proposals for establishing river basin commissions or some similar organization have been proposed from time to time since the multiple-purpose concept was first evolved. In August 1926 Secretary of Commerce Herbert Hoover, in an address in Seattle, proposed that a commission be established to coordinate development in each important river basin in which each of the States concerned, each of the major Federal agencies involved, and representatives of private development agencies be included. In 1949, the first Commission on Organization of the Executive Branch, headed by former President Hoover, recommended such a basin setup in its report to Congress. The second Hoover Commission, reporting to Congress in 1955, repeated the recommendation for basin commissions "representing fairly the Federal, State, and private interests." The President's Water Resources Policy Commission, sometimes referred to as the Truman Commission, in reporting to the President in December 1950, included this recommendation:

To insure the preparation of sound basin programs \* \* \* the Commission believes that \* \* \* Congress should set up separate river basin commissions for each of the major river basins. These commissions, set up on a representative basis, should be authorized to coordinate the surveys, construction activities, and operations of the Federal agencies in the several basins, under the guidance of independent chairmen appointed by the President and with the par-

ticipation of State agencies in the planning process.

More recently, President Eisenhower's Advisory Committee on Water Resources Policy, reporting to the Congress in January of 1956, recommended "that planning for water resources and related developments be conducted on a cooperative basis with representatives of all Federal, State, and local agencies involved" and proposed an organization plan which included "regional or river basin water resources committees with a permanent nonvoting chairman appointed by the President and with membership composed of representatives of all Federal departments and States involved."

All agencies and departments working in the water resources field recognize the need for some organization to coordinate planning activities. For instance, General Itsenner, Chief of Engineers, recently stated in a speech discussing our water resources development:

We should have a degree of coordination not hitherto achieved, despite the excellent work of the several river basin coordinating committees. A step in the right direction would be the establishment of a nationwide coordinating effort, comprised of integrated local, State, and Federal activities, that would reach from grassroots to the highest Federal level, in all of our river basins. We should look to such an organization to formulate overall water resources development policy and insure enactment of appropriate enabling legislation to carry out the policy in an orderly and timely program.

Commissioner of Reclamation Dominy, in referring to the river basin study commission established in Texas, made this statement:

We have the basis and the materials for the job of formulating an enduring Texas water program. Lacking until recent months (until establishment of a study commission) have been the mechanics of how to integrate the bewildering variety of findings, aspirations, aims, agencies, policies, and procedures into a single common integrated program. A vehicle of some nature was needed to serve as a common meeting ground, to provide a continuing forum, for needed cooperation, collaboration, interchange of ideas, and re-fashioning of concepts for a unified water program. Thus, the study commission for Texas evolved from the needs of a given moment in Texas history to fill that function. I wish to make it a matter of record that we have confidence in the commission.

The other principal matter involved in the legislation relates to the use of uniform methods in evaluating water resources projects. All Federal agencies would be required to use the same criteria and the same procedures in formulating project plans, determining benefits and allocating costs. Guidance from Congress in this field is long overdue. The lack of any such guidance has resulted in the establishment of policies in the executive branch by Executive direction. Budget Circular A47 is the result of the lack of any uniform congressional policy in evaluating water resources projects. No attempt is made in H.R. 3704 to set out the details of evaluation procedures but only the principles which are to be followed. Generally speaking, the criteria and principles set out in section 6 would establish a more liberal policy







# Digest of CONGRESSIONAL PROCEEDINGS

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

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Issued February 12, 1960  
For actions of February 11, 1960  
86th-2d, No. 24

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**HIGHLIGHTS:** Senate made tobacco price support bill unfinished business for consideration Mon., Feb. 15. Rep. Whitten urged enactment of legislation to reduce production of surplus crops. Sen. Aiken urged additional funds for brucellosis eradication program. House committee granted permission to report Interior appropriation bill on Fri., Feb. 12. Senate received USDA proposed bill to establish policy for multiple use management of forests.

### SENATE

1. **TOBACCO.** At the request of Sen. Mansfield S. 2845, to modify price supports for tobacco, was made the unfinished business for consideration Mon., Feb. 15.  
p. 2208

2. **BRUCELLOSIS ERADICATION.** Sen. Aiken expressed concern over the "cutbacks in the 1960 fiscal year operations in the brucellosis eradication program," stated that "if permitted to continue, this decreased level of eradication activity will not only postpone the day when the Nation could be free of brucellosis, but will require the expenditure of much larger sums of money, Federal and State, than would be necessary under an accelerated eradication program at the 1959 fiscal year level of support," and expressed hope that the House and Senate Appropriations Committees "will insist that this program go forward at a speed which will save our country between \$200 million and \$300 million in eradicating this disease." pp. 2202-3

Received a Kan. Legislature resolution urging Congress to appropriate such funds as may be necessary "to provide for a continuation of the brucellosis eradication program on an active and progressive basis in keeping with the assurances of Federal cooperation when the program was offered to the States."  
pp. 2192-3

3. FORESTRY. Received from this Department a proposed bill to authorize and direct that the national forests be managed under principles of multiple use and to produce a sustained yield of products and services; to Agriculture and Forestry Committee. p. 2191
4. SURPLUS COMMODITIES; FOREIGN TRADE. Both Houses received from the President the 11th semiannual report on activities carried on under Public Law 480 (H. Doc. 335). pp. 2191, 2216
5. APPROPRIATIONS; FORESTRY. Received from the Budget Bureau a report that the appropriation for this Department for "Forest protection and utilization, Forest Service," has been apportioned on a basis indicating the need for a supplemental estimate for fighting forest fires. p. 2192
6. BEEF IMPORTS. Received a Kan. Legislature resolution urging this Department, the Tariff Commission, and the Congress to reduce and control the importation of beef and other red meats from foreign countries and to establish smaller quotas and other controls on such imports. p. 2193
7. BUDGET. Received a Ga. Legislature resolution urging the enactment of legislation to amend the Constitution so as to require the President to submit a balanced budget each year. pp. 2193-4
8. FARM PROGRAM. Sen. Carlson inserted a Lake Farmers Union, Kan., resolution urging that serious consideration be given to adoption of the "Farmers Union program which asks that our agricultural output be curbed to the limits of the Nation's need for food and fiber, and that farmers be granted the authority to revitalize the committeeman system to democratically attack the problem." p. 2194
9. RURAL LIBRARY SERVICES. Sen. Fulbright commended the rural library services program, and inserted a letter from the Arkansas Library Commission praising the program. pp. 2194-5
10. FAMILY FARMS; WILDLIFE. Sen. Murray inserted a newspaper article discussing the importance of family farms in providing "homes for practically all of our small game as well as countless nongame species." p. 2199
11. COTTON. Sen. Mansfield inserted a Cotton Digest article commending the selection of Burris C. Jackson, Hillsboro, Tex., as "Cotton's Man of the Year for 1959." p. 2211
12. ADJOURNED until Mon., Feb. 15. p. 2211

#### HOUSE

13. SURPLUS PRODUCTION. Rep. Whitten criticized this Department and Congress for having "mistakenly tried to meet" the problem of farm surpluses by reducing farm prices, use of the soil bank, and disposal of surplus commodities under Public Law 480 to foreign countries. He urged consideration of his bill H. R. 9947, to reduce the production of wheat and feed grains in surplus supply, which he states will "bring supply and demand closer together" and at the same time "protect farm income from further decline." pp. 2213-6
14. APPROPRIATIONS. The Appropriations Committee was granted authority to report, by midnight tonight (Feb. 12), the Interior and related agencies appropriations bill for 1961, including the Forest Service. p. 2213



Calendar No. 1111

86TH CONGRESS  
2D SESSION

# H. R. 9664

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 11, 1960

Read twice and ordered to be placed on the calendar

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## AN ACT

To stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost.

1      *Be it enacted by the Senate and House of Representa-*  
2      *tives of the United States of America in Congress assembled,*  
3      That title I of the Agricultural Act of 1949, as amended,  
4      is hereby further amended by adding at the end thereof a  
5      new section 106, as follows:

6      “SEC. 106. Notwithstanding any of the provisions of sec-  
7      tion 101 of this Act: (a) For the 1960 crop of any kind of  
8      tobacco for which marketing quotas are in effect, or for  
9      which marketing quotas are not disapproved by producers,  
10     the support level in cents per pound shall be the level at

1 which the 1959 crop of such kind of tobacco was supported,  
2 or if marketing quotas were disapproved for the 1959 crop  
3 of such kind of tobacco, the level at which the 1959 crop  
4 of such kind of tobacco would have been supported if mar-  
5 keting quotas had been in effect. (b) For the 1961 crop  
6 and each subsequent crop of any kind of tobacco for which  
7 marketing quotas are in effect, or for which marketing  
8 quotas are not disapproved by producers, the support level in  
9 cents per pound shall be determined by adjusting the support  
10 level for the 1959 crop of such kind of tobacco, or if market-  
11 ing quotas were disapproved for the 1959 crop of such kind  
12 of tobacco, the level at which the 1959 crop of such kind of  
13 tobacco would have been supported if marketing quotas had  
14 been in effect, by multiplying such support level for the 1959  
15 crop by the ratio of (i) the average of the index of prices  
16 paid by farmers, including wage rates, interest, and taxes, as  
17 defined in section 301 (a) (1) (C) of the Agricultural Ad-  
18 justment Act of 1938, as amended, for the three calendar  
19 years immediately preceding the calendar year in which the  
20 marketing year begins for the crop for which the support  
21 level is being determined to (ii) the average index of such  
22 prices paid by farmers, including wage rates, interest, and  
23 taxes for the calendar year 1959."

24 SEC. 2. Section 101 (e) of the Agricultural Adjustment  
25 Act of 1949 (63 Stat. 1051; 7 U.S.C. 1441 (e) ) and sec-

- 1 tion 2 of the Act of July 28, 1945, as amended (59 Stat.  
2 506; 7 U.S.C. 1312 note) are hereby deleted.

Passed the House of Representatives February 9, 1960.

Attest:

RALPH R. ROBERTS,

*Clerk.*



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**AN ACT**

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To stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost.

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FEBRUARY 11, 1960

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Read twice and ordered to be placed on the calendar



United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 86<sup>th</sup> CONGRESS, SECOND SESSION

Vol. 106

WASHINGTON, THURSDAY, FEBRUARY 11, 1960

No. 24

## Senate

The Senate met at 12 o'clock meridian, and was called to order by the Vice President.

Rev. Robert G. Balnicky, pastor, McCutchen Memorial Presbyterian Church, Union, S.C., offered the following prayer:

O Lord, our Heavenly Father, high and mighty king of kings and lord of lords, who dost from Thy throne behold all the dwellers on earth, and reignest with power supreme and uncontrolled over all the kingdoms, empires, and governments: We would thank Thee for Thy continued guidance throughout the years. We confess our need of Thee. Without Thee we can do nothing; with Thee, in Christ Jesus, all things are possible.

In the midst of the difficult situations of life and the unsolved problems of the world, deliver these, Thy servants, from any sense of futility. Let them feel the support of the prayers of the faithful patriots throughout this, our God-blessed land. Above all, may Thy presence be manifested in their lives.

Bless all communities of men who love Thee, who are seeking toward the right, and feeling after Thee if happily they may find Thee; and all who are negligent of Thee and rebellious against Thee, do Thou bend and bow their wills and bring them to the peace of submission.

We pray for the President of the United States, the members of the Cabinet, the representatives of the people, the judges of the land, and all those in authority. Incline them to the eternal truths Thou hast revealed in Thy written word, the Bible, and in the living word, Thy son, Jesus Christ, our Lord.

May Thy holy spirit work among us to lead us into all truth. Through our Lord, Jesus Christ. Amen.

### THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, February 9, 1960, was dispensed with.

### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

### REPORT OF INTERAGENCY COMMITTEE ON AGRICULTURAL SURPLUS DISPOSAL—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 335)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which, with the accompanying memorandum, was referred to the Committee on Agriculture and Forestry:

*To the Congress of the United States:*

I am transmitting herewith the 11th semiannual report on activities carried on under Public Law 480, 83d Congress, as amended, outlining operations under the act during the period July 1 through December 31, 1959.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, February 11, 1960.

### EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 9664. An act to stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost; and

H.R. 10234. An act making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1961, and for other purposes.

### HOUSE BILLS REFERRED OR PLACED ON THE CALENDAR

The following bills were each read twice by their titles and referred or placed on the calendar, as indicated:

H.R. 9664. An act to stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels

in relation to farm cost; placed on the calendar.

H.R. 10234. An act making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1961, and for other purposes; to the Committee on Appropriations.

### COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Subcommittee To Investigate Juvenile Delinquency of the Committee on the Judiciary was authorized to meet during the session of the Senate today, with hearings to be held in Miami, Fla.

### LIMITATION OF DEBATE DURING MORNING HOUR

Mr. MANSFIELD. Mr. President, under the rule, there will be the usual morning hour for the introduction of bills and the transaction of routine business. I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

### EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

#### MANAGEMENT OF NATIONAL FORESTS

A letter from the Acting Secretary of Agriculture, transmitting a draft of proposed legislation to authorize and direct that the national forests be managed under principles of multiple use and to produce a sustained yield of products and services, and for other purposes (with an accompanying paper); to the Committee on Agriculture and Forestry.

#### REPORT ON COOPERATION WITH MEXICO IN CONTROL AND ERADICATION OF FOOT-AND-MOUTH DISEASE

A letter from the Assistant Secretary of Agriculture, reporting, pursuant to law, that there have been no significant developments to report for the past 6 months relating to the cooperative program of the United States and Mexico for the prevention of foot-and-mouth disease; to the Committee on Agriculture and Forestry.



#### REPORT ON OVEROBLIGATION OF AN APPROPRIATION

A letter from the Acting Secretary of Defense, transmitting, pursuant to law, a report relating to an overobligation of the appropriation "Military personnel, Air Force, 1959" (with an accompanying report); to the Committee on Appropriations.

#### REPORTS ON REAPPORTIONMENT OF APPROPRIATIONS

A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, reporting, pursuant to law, that the appropriation for the Farm Credit Administration for "Administrative expenses" for the fiscal year 1960 had been reapportioned on a basis which indicates the necessity for a supplemental estimate of appropriation; to the Committee on Appropriations.

A letter from the Acting Director, Bureau of the Budget, Executive Office of the President, reporting, pursuant to law, that the appropriation for the Department of Agriculture for "Forest protection and utilization, Forest Service," for the fiscal year 1960 had been reapportioned on a basis indicating a need for a supplemental estimate of appropriation; to the Committee on Appropriations.

#### AMENDMENT OF TITLE 10, UNITED STATES CODE, RELATING TO FLIGHT INSTRUCTION FOR MEMBERS OF RESERVE OFFICERS' TRAINING CORPS

A letter from the Acting Secretary of Defense, transmitting a draft of proposed legislation to amend title 10, United States Code, to make permanent the authority for flight instruction for members of Reserve Officers' Training Corps, and for other purposes (with an accompanying paper); to the Committee on Armed Services.

#### AMENDMENT OF CAREER COMPENSATION ACT OF 1949, RELATING TO INCREASING PER DIEM RATES

A letter from the Deputy Secretary of Defense, transmitting a draft of proposed legislation to amend section 303(a) of the Career Compensation Act of 1949 by increasing per diem rates and to provide reimbursement under certain circumstances for actual expenses incident to travel (with an accompanying paper); to the Committee on Armed Services.

#### REPORTS ON AWARDS OF PRIME CONTRACTS TO SMALL AND OTHER BUSINESS FIRMS

A letter from the Assistant Secretary of Defense (Supply and Logistics), transmitting, pursuant to law, reports on Army, Navy, and Air Force prime contracts to small and other business firms, for the month of November 1959 (with accompanying papers); to the Committee on Banking and Currency.

#### REPORT ON EXAMINATION OF AIR FORCE CONTRACTS WITH NORTHROP CORP.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the examination of the negotiation of additional fees for contractor financing expenses under Department of the Air Force Contracts AF 33(600)-32944, AF 33(600)-34952, and AF 33(600)-33168 with Northrop Corp., Hawthorne, Calif., dated January 1960 (with an accompanying report); to the Committee on Government Operations.

#### REPORT ON REVIEW OF ADMINISTRATION OF OFFSHORE PROCUREMENT PROGRAM IN EUROPE

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of administration of tax exemption privileges under the offshore procurement program in Europe, dated January 1960 (with an accompanying report); to the Committee on Government Operations.

#### REPORT ON COMPENSATORY ROYALTY AGREEMENTS UNDER MINERAL LEASING ACT

A letter from the Assistant Secretary of the Interior, reporting, pursuant to law, on compensatory royalty agreements entered into through the Department of the Interior's Bureau of Land Management, during the calendar year 1959; to the Committee on Interior and Insular Affairs.

#### WITHDRAWAL OF CERTAIN PUBLIC LANDS AT NELLIS AIR FORCE RANGE, NEV.

A letter from the Deputy Secretary of Defense, transmitting a draft of proposed legislation to provide for withdrawal and reservation by the Department of the Air Force of certain public lands of the United States at Nellis Air Force Range, Nev., for defense purposes, and for other purposes (with an accompanying paper); to the Committee on Interior and Insular Affairs.

#### REPORT ON BACKLOG OF PENDING APPLICATIONS AND HEARING CASES IN FEDERAL COMMUNICATIONS COMMISSION

A letter from the Acting Chairman, Federal Communications Commission, Washington, D.C., transmitting, pursuant to law, a report on backlog of pending applications and hearing cases in that Commission, as of November 30, 1959 (with an accompanying report); to the Committee on Interstate and Foreign Commerce.

#### REPORT ON TORT CLAIMS PAID BY DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

A letter from the Acting Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report on tort claims paid by that Department, during the period January 1, 1959, to December 31, 1959 (with an accompanying report); to the Committee on the Judiciary.

#### REPORT ON TORT CLAIMS PAID BY GOVERNMENT PRINTING OFFICE

A letter from the Public Printer, U.S. Government Printing Office, Washington, D.C., transmitting, pursuant to law, a report on tort claims paid by that Office, during the fiscal year 1959 (with an accompanying report); to the Committee on the Judiciary.

#### TEMPORARY ADMISSION INTO THE UNITED STATES OF CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered granting temporary admission into the United States of certain aliens (with accompanying papers); to the Committee on the Judiciary.

#### REPORT ON SCIENTIFIC OR PROFESSIONAL POSITIONS, DEPARTMENT OF DEFENSE

A letter from the Acting Secretary of Defense, transmitting, pursuant to law, a report on scientific or professional positions within that Department, for the calendar year ended December 31, 1959 (with accompanying papers); to the Committee on Post Office and Civil Service.

#### REPORTS ON POSITIONS FILLED IN CERTAIN GRADES OF CLASSIFICATION ACT OF 1949

A letter from the Acting Secretary of Defense, transmitting, pursuant to law, a report on positions filled under the Classification Act of 1949, in grades GS-16, GS-17, and GS-18 (with accompanying papers); to the Committee on Post Office and Civil Service.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on positions filled under the Classification Act of 1949, in grades GS-16, GS-17, and GS-18, in the General Accounting Office, during the calendar year 1959 (with accompanying papers); to the Committee on Post Office and Civil Service.

A letter from the Administrator, Federal Aviation Agency, Washington, D.C., trans-

mitting, pursuant to law, a report on positions filled in that Agency, under the Classification Act of 1949, in grades GS-16, GS-17, and GS-18, during the calendar year 1959 (with accompanying papers); to the Committee on Post Office and Civil Service.

A letter from the Administrator, Small Business Administration, Washington, D.C., transmitting, pursuant to law, a report on positions filled under the Classification Act of 1949, in grades GS-16, GS-17, and GS-18, as of December 31, 1959 (with an accompanying report); to the Committee on Post Office and Civil Service.

A letter from the Director, Administrative Office of the U.S. Courts, Washington, D.C., transmitting, pursuant to law, a report on positions filled under the Classification Act of 1949, in grade GS-17, in that Office, during the calendar year 1959 (with accompanying papers); to the Committee on Post Office and Civil Service.

#### PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

##### By the VICE PRESIDENT:

A concurrent resolution of the Legislature of the State of Kansas; to the Committee on Appropriations:

##### "HOUSE CONCURRENT RESOLUTION 7

"Concurrent resolution memorializing the Congress of the United States to appropriate sufficient funds for a continuation of Federal-State brucellosis eradication program

"Whereas in 1954, an accelerated brucellosis eradication program was encouraged by Federal authorities and by action of the Congress of the United States through allocation of \$24 million for such purpose followed by comparable allocation in succeeding fiscal years and setting a tentative goal for completion in 1960; and

"Whereas there was an unexpected curtailment of Federal funds in fiscal year 1959 and another curtailment of up to 25 percent for fiscal year 1960, although the urgency of the problem has not diminished; and

"Whereas with over half the States already certified, many of them at heavy expense to the Federal Government, it appears that with their reduced budget they are spending considerable of these funds to maintain certification where already accomplished; and

"Whereas this leaves States in the process of certification with greatly reduced Federal assistance, and it is felt by many that Congress should furnish sufficient funds to complete this national job, and that the remaining States deserve as much help as the other States have already had; and

"Whereas the brucellosis eradication program planned for appreciable accomplishment during the current fiscal year must now be delayed in many counties in several States wherein the essential preliminary steps had been initiated; and

"Whereas the postponement of adequate Federal participation will promote loss of confidence and increase maintenance costs over a longer period; and

"Whereas curtailment of the eradication program will create a hardship on owners of cattle who move their animals interstate: Now, therefore, be it

*"Resolved by the House of Representatives of the State of Kansas (the Senate concurring therein), That we urgently request the Congress of the United States to appropriate such funds as may be necessary, to provide for a continuation of the brucellosis eradication program on an active and progressive basis in keeping with the assurances of Federal cooperation when the program was offered to the States; and be it further*



with his select 1,500, using the following names in this order: First, Franklin D. Roosevelt, Jr.; second, Richard M. Nixon; third, John D. Eisenhower; and publish the results thereof.

#### ALASKA SHIP FREIGHT RATE INCREASE

Mr. BARTLETT. Mr. President, several times in the past month both my distinguished colleague from Alaska [Mr. GRUENING] and I have protested the action of the Federal Maritime Board in regard to its arbitrary granting of a freight rate increase to ship carriers to Alaska.

This action was taken by the Federal Maritime Board over strong protests by the Alaska congressional delegation, the Governor of Alaska, chambers of commerce, labor organizations, and individuals.

But, Mr. President, our pleas reached deaf ears. It is true that a hearing on the rate increase will be held; it is likewise true that if the Board rules against the maritime carriers there is no way in the world by which compensation may be paid the ultimate consumers. The increase, held now in escrow, will go to the shippers, not to those who have paid all or most of the added bill. That is a principal reason why, Mr. President, we so strongly urged the members of the Board to suspend the rate increase.

The Federal Maritime Board is well aware of this, Mr. President. It is my opinion that the will of the people should come first and the wishes of industry second. I wish to call attention of the Senate to an opinion of the U.S. Court of Appeals for the District of Columbia which testifies to that very thought.

Mr. President, last Thursday the three learned justices of the court of appeals in handing down a decision vacating the judgment of the Federal Maritime Board stated positively what Senator GRUENING and I have been contending for several weeks—that the Federal Maritime Board takes arbitrary action favoring the major established shipping lines.

The case I am referring to is one that the Maritime Board decided in favor of a major shipping line to Hawaii, the Matson Navigation Co. The Board in their decision decided that Matson, who carries approximately 98 percent of the cargo on the California-Hawaii run could continue its monopoly and that another smaller competitor, Pacific Far East Line, Inc., could not enter into the lucrative trade because the smaller company would offer unfair competition to the giant of the trade.

This I offer as a typical example of the reasoning of the Federal Maritime Board. Further evidence is in the opinion of the court of appeals which said in part:

The Board practically equated unfair competition with effective competition. But what is bad for Matson is not necessarily bad for the country.

In addition the court of appeals made this following suggestion to the Maritime Board, "The Board should, at least, make the basis of its action reasonably clear."

In ruling against the Board, the court of appeals ordered that the judgment be vacated, and ordered the case to be remanded for further proceedings by the Board limited to the question whether Pacific Far East Line, Inc., entry into the trade would be "prejudicial to the objects and policy of the act." The act referred to, Mr. President, is the Merchant Marine Act of 1936.

This, Mr. President, is the very basis for our differences with the Federal Maritime Board. The reason for the Board's action in granting that freight rate increase to the Alaska Steamship Co. and other Alaska carriers is not, and has not been made reasonably clear to us. The Board only justified its position by stating, "It wouldn't be fair to the steamship companies not to grant the increase." But I am more interested in the fairness to the people of Alaska than to industry.

We are aware that the Federal Maritime Board will grant us a hearing, which in effect will be "our day in court," but is it justice to have a day in court after the knot has been tied around one's neck and the trapdoor sprung? The little man in our State will be subjected to strangling by this yoke of injustice before the hearing is held, which, in all fairness, should have come before the freight rate increase was granted.

#### NATIONAL DEFENSE SECURITY PROGRAM

Mr. DODD. Mr. President, legislation to restore the effectiveness and define the status of the national defense security program is urgently needed. For this reason, I hope the Senate Internal Security Subcommittee will act promptly on Representative WALTER's bill, H.R. 8121, which passed the House of Representatives recently. I shall personally do what I can to speed up such action, and to secure prompt action by the full Committee on the Judiciary and by the Senate itself.

This bill seeks to accomplish what the Supreme Court of the United States said Congress had failed to do; that is, to authorize a security program among national defense contractors and subcontractors and their employees, involving proper protection for security information.

The Supreme Court decision in the Greene case, in June 1959, had the effect of invalidating the whole industrial security program of the Department of Defense, on the broad ground that neither the President nor the Congress had authorized the program and the procedures involved.

In the months intervening since the Greene decision was handed down by the Supreme Court, the President has not taken action along the lines suggested by the Supreme Court. It is, therefore, more than ever imperative that the Congress should do so.

As Mr. Justice Clark pointed out in his dissenting opinion in the Greene case:

Surely one does not have a constitutional right to have access to the Government's military secrets.

As Mr. Justice Clark further declared: If access to its secrets is granted by the Government it is entirely permissive and may be revoked at any time.

The opinion of the majority of the Court in the Greene case did not negative this view, but turned on what the Court found to be a lack of either Presidential or congressional authority for the program and the procedures it involved.

For more than 6 months there has been no effective or enforceable industrial security program. Recent indications that the administration was considering the issuance of an Executive order on this subject provoked a storm of protests from those who feel that security programs are neither necessary nor desirable; and it seems clear that if anything effective is to be done about this matter, Congress will have to do it.

I do not mean by this statement to endorse specifically the exact language of Representative WALTER's bill, although the bill appears upon first examination to be well drafted. It may be that the Senate committee will wish to recommend somewhat different language. I want to see enacted the best language possible, consistent with both the right of the Nation to protect its defense secrets, and the desirability of protecting national defense contractors and their employees to the absolute maximum consistent with this national right. What is important is not particular phraseology, but that action should be taken by both Houses of Congress to send to the President speedily, legislation which will provide for an effective industrial security program. Mr. President I ask unanimous consent that the text of the Walter bill will be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Subversive Activities Control Act of 1950 (64 Stat. 987) is amended by inserting immediately after section 5 the following new section:*

#### "Industrial Personnel Security Review

"Sec. 5A. The Secretary of Defense is authorized to prescribe uniform standards and criteria for determining the eligibility for access to classified defense information of (1) any person who has a contract with a military department, (2) any person who has a subcontract of such contract, and (3) any employee of any such person. The Secretary shall prescribe the administrative procedures governing the disposition of all cases in which eligibility for access to classified defense information has been denied, suspended, or revoked. Any administrative procedures prescribed by the Secretary under this section shall be designed to protect from disclosure all information which, in the opinion of the Secretary, would affect the national security, safety, or public interest, or would tend to compromise investigative sources or investigative methods."

#### LINCOLN'S INNER SPIRIT WAS HIS STRENGTH

Mr. KUCHEL. Mr. President, this week Americans celebrate the birthday of Abraham Lincoln, savior of the Ameri-



can Union, emancipator of a race of people. His birthday coincides with the centennial of his nomination and election as our Nation's President.

Born of a poor and lowly family, his was a life of hardship and struggle, and of his triumphs over them to become, at last, our country's Chief Executive, and then to live eternally in history as an inspiration for all who love freedom and who pray for its survival for all mankind.

"His life," says William Henry Chamberlin, in the Wall Street Journal of February 9, 1960, "remains one of the most inspiring evidences that the inner man, the individual spirit, is far more important than the environment, which may break a weaker character while it spurs on a stronger to ever greater achievement."

Mr. President, I ask unanimous consent that the entire article by Mr. Chamberlin, entitled "Mr. Lincoln—Inner Spirit Was His Strength," be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**MR. LINCOLN—INNER SPIRIT WAS HIS STRENGTH**

(By William Henry Chamberlin)

Lincoln's birthday this year coincides with the centenary of his nomination and election as President after one of the bitterest and most important campaigns in American political history. It is almost exactly 100 years since Lincoln, then a candidate for the Republican nomination, in his Cooper Union speech offered this prescient commentary on what his later Secretary of State, William Seward, described as the irrepressible conflict:

"All they [the southerners] ask, we could readily grant, if we thought slavery right; all we ask, they could as readily grant, if they thought it wrong. Their thinking it right and our thinking it wrong is the precise fact upon which depends the whole controversy."

Here, in brief summary, was the rock on which all efforts for compromise and accommodation foundered. Not that Lincoln, if his hand had not been forced by secession, would have tried to abolish slavery in the States where it was legally established. For this, as he repeatedly stated, there would have been no warrant in the Constitution.

Even after the war was well underway he discouraged radical abolitionists like John C. Fremont and on one occasion, to the chagrin and disappointment of root-and-branch and antislavery crusaders, he declared that his primary objective was to save the Union, that, for this objective, he was willing to free all the slaves, none of the slaves, or part of the slaves.

**THE DEMOCRATIC SPLIT**

But, like the young Republican Party which chose him as its standard bearer at its Chicago convention in May 1860 he was committed to the containment of slavery within the area where it prevailed. The more extreme spokesmen of the South, on the other hand, were prepared to quit the Union unless the protection of slavery was assured for the territories which were still in the early stages of settlement.

Lincoln might not have been elected and the course of U.S. history might have been different if the rift that ultimately cleft the Nation for a time into two warring camps had not split the Democratic Party in 1860. For more than a generation the Democrats had been the majority party. Since the time of Andrew Jackson, the more conservative

opponents of the Democrats, the Whigs, had won only two presidential elections, both times with a military figure.

But two Democratic tickets, a northern headed by Douglas, a southern headed by Breckenridge, were presented to the voters in 1860; there was still a fourth group, the Constitutional Union, in the field, which won the electoral votes of Virginia, Kentucky, and Tennessee. Helped by this divided opposition, Lincoln's Republican Party, which had absorbed most of the old Whig voters, along with the more strongly antislavery Democrats, made almost a clean sweep of the Northern States and gained a majority in the electoral college, although Lincoln won only about 40 percent of the popular vote.

So Abraham Lincoln, son of an illiterate frontiersman, not so long ago an obscure county lawyer, became the Chief Executive charged to see the American Republic through the one great internal crisis of its career, a crisis that was not ended until the weaker side, after fighting to the last limit of possible resistance, was crushed at a fearful cost in blood and treasure, of broken lives and devastated areas. Lincoln's full stature has grown in America and abroad during the century that elapsed since his election. And this is partly a reflection of the fact that Lincoln unmistakably grew in heart and mind under the pressure of the challenges which he faced.

**FACT AND FOLKLORE**

As with every national hero, there is an element of folklore about Lincoln. Yet the simple truth of his career needs no gliding.

That Lincoln emerged from this rough frontier cabin life, with most rudimentary schooling, to become, first, a local political figure and successful lawyer, then one of America's greatest Presidents, is a striking proof of the possibilities of "government of the people, by the people, for the people." Lincoln will always be one of the noblest vindications of the positive side of democratic philosophy—that none is barred by initial hardship and poverty from filling with honor the highest office in the land.

Without visual aids or the supposed benefits of modern pedagogy, Lincoln, by the simple process of hard reading of a few great masterpieces, achieved a literary style that in dignity and pathos and measured cadence surpassed that of the men of his time who were trained in American and foreign colleges and universities.

His life remains one of the most inspiring evidences that the inner man, the individual spirit, is far more important than the environment, which may break a weaker character while it spurs on a stronger to ever greater achievement.

**STABILIZATION OF PRICE SUPPORT OF TOBACCO**

Mr. MANSFIELD. Mr. President, is the morning business concluded?

The PRESIDING OFFICER (Mr. Dobb in the chair). Is there further morning business? If not, morning business is concluded.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid aside, and that the Senate proceed to the consideration of Calendar No. 1110, Senate bill 2845, and that that bill be made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2845) to stabilize the price support of tobacco.

**LEGISLATIVE PROGRAM—ORDER FOR ADJOURNMENT TO 11 A.M. MONDAY, FEBRUARY 15**

Mr. MANSFIELD. Mr. President, it is the tentative conclusion of the leadership that the first order of business following the morning hour on Monday will be the pending bill, S. 2845, to stabilize the price support of tobacco. It is hoped that it might be possible to take action on the pollution control conference report, which is, of course, a privileged matter.

It is expected that some time shortly thereafter the Senate will be in a position to begin the discussion of proposed legislation affecting civil rights.

Mr. President, I ask unanimous consent that when the Senate concludes its business today it adjourn until 11 o'clock a.m. on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

**CONTROL OF NUCLEAR TESTS**

Mr. MANSFIELD. Mr. President, I have just learned of the President's new plan for curbing dangerous nuclear tests. His plan, which reflects the advance thinking of the distinguished Senator from Tennessee [Mr. GORE] and the brilliant young Senator from Idaho [Mr. CHURCH] on this problem, is one which should bring a warm and instantaneous response from the peoples of the world. I commend the President for recognizing the universal fears of radioactive death which certain nuclear tests have aroused, and for setting forth a reasonable plan for putting them to rest.

The junior Senator from Idaho [Mr. CHURCH] has applied himself diligently from the time he came to the Senate to the grave problem of meaningful disarmament in the world today. He has recognized the critical importance of the negotiations at Geneva as a first step on that long, hard road.

Last year, when the negotiations at Geneva appeared to have been at a stalemate, he wrote to the then Acting Secretary of State Herter outlining a proposal for an atmospheric test ban which could take the negotiations off dead center and lead to some progress.

This letter, written on February 27, 1959, was revealed by him on the Senate floor on March 2, in an eloquent speech on how much a controlled cessation of nuclear tests would affect the troubled people of the world.

On April 13, the substance of the Church proposal was adopted as the official U.S. position by the President in a letter to Chairman Khrushchev.

Mr. President, as this year opened, the negotiations at Geneva, after heartening progress last year, were again near stalemate. Again the distinguished Senator from Idaho applied himself to the problem and made another recommendation to the Secretary of State, based upon the developments in 1959.

On January 8, 1960, he outlined his recommendations in a letter to Secretary of State Herter, and on January 11 de-







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

Issued February 16, 1960  
For actions of February 15, 1960  
86th-2d, No. 25

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HIGHLIGHTS: Senate passed bill to modify tobacco price supports. House committee reported (on Feb. 12) Interior appropriation bill. House passed bill to continue increased durum wheat allotments for certain California areas. Rep. Brown, Ga., criticized administration's farm policies. Reps. Hiestand, Teague, Calif., and Utt introduced bills to increase rate of interest payable on certain REA loans.

## SENATE

1. TOBACCO. Passed without amendment H. R. 9664, to modify price supports for tobacco. Under the bill the tobacco support level for 1960 would be the same as in 1959, and in subsequent years the support price would be adjusted from the 1959 level in direct proportion to changes in the parity index using the previous 3-year moving average as a base. This bill will now be sent to the President. Consideration of a similar bill, S. 2845, was indefinitely postponed. pp. 2251-4

FARM PROGRAM. Sen. Talmadge inserted a magazine article discussing his proposal for new legislation to provide a "program of free-enterprise farming bolstered by compensatory payments on domestically-consumed basic commodities," and urged the enactment of such legislation. p. 2240

3. WATER POLLUTION. Agreed to the conference report on H. R. 3610, to amend the Federal Water Pollution Control Act to increase grants for construction of sewage treatment works. This bill will now be sent to the President. pp. 2264-5, 2272-7
4. CCC REPORT. Both Houses received from the President a report of the Commodity Credit Corporation for the fiscal year 1959. pp. 2229, 2302
5. SEEDS. Received from GSA a notice of the proposed disposition of approximately 17,426 pounds of guayule seeds. p. 2230
6. FOREST HIGHWAYS. Received from Commerce a proposed bill to amend the Highway Revenue Act of 1956 "in order to provide for the financing of forest highways and public lands highways from the Highway Trust Fund"; to Finance Committee. p. 2230
7. RECLAMATION. Received from Interior a report that an adequate soil survey and land classification has been made of the lands in the Cedar Bluff unit, Smoky Hill division, Missouri River Basin project, Kan., and that the lands to be irrigated are susceptible to the production of agricultural crops by means of irrigation. p. 2230
8. HAWAII. Both Houses received from the Budget Bureau a proposed bill "to amend certain laws of the United States in light of the admission of the State of Hawaii into the Union"; to Interior and Insular Affairs Committees. pp. 2230, 2329
9. PESTICIDE CHEMICALS. Sen. Morse inserted a resolution from the Ore. State Board of Agriculture urging that the Federal Food and Drug Administration be requested to announce the analytical methods and their sensitivities on which any zero tolerance is based for pesticide chemicals. p. 2233
10. COOPERATIVES. Sen. Morse inserted two resolutions from the Agricultural Cooperative Council of Ore. opposing Treasury proposals to revise present methods for taxing cooperatives. p. 2233
11. ANIMAL QUARANTINE. Sen. Morse inserted a resolution from the Ore. State Board of Agriculture urging the establishment of an animal quarantine station to serve the Pacific area. pp. 2233-4
12. SUGAR. Sen. Wiley expressed concern over the recently announced agreement for the sale of Cuban sugar to Russia, and recommended that steps be taken to improve U. S.-Latin American relations. p. 2239
13. ELECTRIFICATION. Sen. Morse inserted an article from the Northwest Ruralite discussing the merits of public versus private power development projects, and stated that the article "brilliantly exploded the fallacies in the false premises continually being advanced by private power propagandists." pp. 2287-8

#### HOUSE

14. INTERIOR AND RELATED AGENCIES APPROPRIATION BILL. The Appropriations Committee reported (on Fri., Feb. 12) without amendment this bill, H. R. 10401, which includes items for the Forest Service, saline-water research, research on the



then we are playing politics. What we ought to do is face up to today and plan for tomorrow, forgetting the past, because we cannot recall it and we cannot do anything about it.

In this field, as in the field of foreign policy, we are all involved, whether we are Democrats or Republicans. If anything happens to us nobody is going to ask us our political designation.

Mr. GORE. Mr. President—

Mr. SALTONSTALL. Mr. President, was my request acted upon?

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). Is there objection to the request of the Senator from Massachusetts? The Chair hears none, and it is so ordered.

Mr. SALTONSTALL. The recommendation is that the Senator from Montana have the information printed in the RECORD at the point he believes would be most fitting.

The information ordered to be printed in the RECORD is as follows:

*Department of Defense obligational program for missile systems, fiscal years 1946-60*

(Millions of dollars)

| Fiscal year         | IR/ICBM programs | Other surface-to-surface missile programs | All other missile programs | Grand total, all missile programs |
|---------------------|------------------|-------------------------------------------|----------------------------|-----------------------------------|
| 1946 and prior..... | 11               | 19                                        | 51                         | 70                                |
| 1947.....           | 11               | 20                                        | 38                         | 58                                |
| 1948.....           | 11               | 36                                        | 45                         | 81                                |
| 1949.....           | 11               | 45                                        | 53                         | 98                                |
| 1950.....           | 11               | 65                                        | 69                         | 134                               |
| 1951.....           | 5                | 185                                       | 598                        | 784                               |
| 1952.....           | 8                | 239                                       | 818                        | 1,058                             |
| 1953.....           | 3                | 403                                       | 760                        | 1,166                             |
| 1954.....           | 14               | 336                                       | 717                        | 1,067                             |
| 1955.....           | 161              | 398                                       | 911                        | 1,470                             |
| 1956.....           | 515              | 387                                       | 1,368                      | 2,270                             |
| 1957.....           | 1,365            | 603                                       | 2,502                      | 4,470                             |
| 1958.....           | 2,077            | 639                                       | 2,391                      | 5,107                             |
| 1959.....           | 2,959            | 685                                       | 3,269                      | 6,913                             |
| 1960.....           | 2,952            | 509                                       | 3,173                      | 6,634                             |

<sup>1</sup> Excludes \$2.3 million programmed in fiscal year 1946-49 for the Air Force MX-774 ballistic missile research program which was a precursor to the Atlas ICBM.

NOTES.—Estimates are subject to minor revision due to program adjustments.

Mr. GORE rose.

The PRESIDING OFFICER. Does the Senator from Montana yield further?

Mr. MANSFIELD. I yield to the Senator from Tennessee.

Mr. GORE. Mr. President, without any reference to partisanship whatever, please permit me to observe that I know of no question which more vitally affects the security of the United States and of the free world than our falling behind the Russians in missiles, rocketry, military power, technology, education, and real economic growth. Because it does so vitally affect the security of their country and freedom itself, this question is and will be close to the hearts of the American people. Candidates for President would surely wish to discuss a matter of such great importance to our country and to the free world.

Mr. MANSFIELD. I will say, Mr. President, I hope that together we will try to make up any deficiencies which may exist, so that together we can go forward in the difficult era in which we live.

Mr. WILEY subsequently said: Mr. President, I was sorry I did not get to the

Chamber in time to listen to all the questions and answers, but those I did hear indicated clearly to me there was one feature of our defense which was not brought out.

I think it is clearly understood by all the military men who testified in open session and in closed session that there are two deterrents to war.

First, there is the deterrent called the military. In respect to the missiles, the ICBM's, as has been stated, there is no question that we lag. The reason for the lag is that we did not get started in time. That was no fault of the present administration. I am not going to go into that phase of the matter, but I am simply saying that every military man—every one, I repeat—said there were other deterrents besides the military. They were questioned as to what they meant, and I think I can clearly indicate what they said.

First, there are 200 million Russians, common people, who do not want war any more than we do. It was clearly indicated the other day by an article written by Roscoe Drummond that when Khrushchev came into power after Stalin's death, the reason Stalin was given such an awful run, was that at that time the Russian people were ready to revolt.

Second, these 200 million Russians, are not satisfied with their lot.

Third, there are the captive nations. Khrushchev knows that the captive nations, Poland, Czechoslovakia, Bulgaria, Rumania, and the Baltic States, are not slaves. They are living under conditions under which, if war should come, revolt would follow.

Fourth, Khrushchev knows that if war should come, he would get as much as could be handed to us at the present time. That is because of the strategic bombers we have.

Fifth, we cannot discount the moral antiwar force.

There are other deterrents included in the military deterrents, which were not brought out. We have allies, and if we add the strength of our allies to our own strength, we have a tremendous deterrent force, navy, air, and land. We have missile bases in Turkey, in Greece, in northern Italy, and in Britain. We also have other defenses that we cannot discuss at this time.

Among such defenses we have certain missiles—not the ICBM—which can travel up to 1,500 miles. They represent a part of the military deterrent.

The reason I make this point at this time is that the tendency is to think that, by a crash program, we could spend ourselves into a position, relative to the ICBM's, in which we could catch up all at once with the Kremlin. Time is an important element.

As a matter of fact, according to the record, which is open, with our strategic bombers, with our fleet, on which we could put the Polaris, we are in a position to offer an adequate deterrent, militarily and otherwise, which I think should satisfy the American people that war is not around the corner; in other words, that Khrushchev is not ready, willing, and able to let the "balloon" go up.

There is a further deterrent, which is not military. There are 650 million Chinese. There will soon be 1 billion. Recent records indicate that Mao Tse Tung does not like to have Khrushchev visiting India. Khrushchev knows that there is nowhere else for the Chinese to go except north. The pressure of population is such that it also operates as a deterrent.

We might go on and enumerate other deterrents. It was stated by one of the military leaders, as I remember, that the nonmilitary deterrent is far greater than the military deterrent—not that we do not have a military deterrent.

The reason I bring up these points is that when I entered the Chamber I heard certain questions and answers. I trust that the American people will get all the facts—not merely the military facts, but the facts of life, which are so important. We know that if we were to get into an all-out war, it would mean the destruction of both nations. We now also know that France has the atomic bomb, and says that it will have missiles. I do not know whether that will add to the deterrent strength or not. However, there are NATO, SEATO, and other groups of nations to which we belong, which are all a part of the deterrent in this world picture.

We must realize that the Russian people are feeling the ferment of wanting to have more to do and more to say about their own government. We realize that that is an added deterrent to keep Khrushchev from letting the balloon go up.

It is up to us to see that adequate deterrents, military and others, are kept sound. Also we must see to it that our economy is kept healthy.

But overall we have to keep our heads and not let fear and doubt take over.

#### ORDER TO DISPLACE UNFINISHED BUSINESS IF NOT DISPOSED OF BY 1 O'CLOCK

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to consider S. 2845, the tobacco bill; and I ask unanimous consent that at 1 o'clock, when the morning hour concludes, if the unfinished business, S. 2845, has not been disposed of, that it be displaced as the unfinished business by the present pending business, H.R. 8315.

Mr. ERVIN. Mr. President, reserving the right to object, I should like to ask the able and distinguished majority leader to what the second bill relates.

Mr. JOHNSON of Texas. It is the House bill which is the pending business, Calendar No. 924.

Mr. ERVIN. To what does the bill relate?

Mr. JOHNSON of Texas. The bill would authorize the Secretary of the Army to lease a portion of Fort Crowder, Mo.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.



## STABILIZATION OF PRICE SUPPORT OF TOBACCO

The Senate resumed the consideration of the bill (S. 2845) to stabilize the price support of tobacco.

Mr. JORDAN. Mr. President, I hope the Senate will approve S. 2845, a bill introduced by me and Senators COOPER, ERVIN, MORTON, KEFAUVER, ROBERTSON, THURMOND, and JOHNSTON of South Carolina to stabilize the price supports of tobacco.

This bill, I am glad to say, Mr. President, has the unanimous support of all interested farm organizations, tobacco warehousemen, dealers, and exporters.

I am also glad to say that the Department of Agriculture is not opposed to the passage of this legislation.

In every sense of the word, it is a bipartisan effort to improve the tobacco program, which has a truly outstanding record.

The situation in regard to domestic sale of tobacco is good, but we do have increasing problems in the export sale of tobacco. In recent years, we have lost a good many foreign markets for tobacco due to the upward price spiral.

This legislation would slow down that upward spiral and enable us not only to preserve our present foreign markets, but regain many of those which we have lost.

The legislation would do this by: First, setting the price support levels for tobacco for the 1960 crop at the same dollars-and-cents level as the 1959 levels, and second, after 1960, the support price will be adjusted from the 1959 level in direct relation to changes in the parity index as defined in section 301 (a) (1) (C) of the Agriculture Adjustment Act of 1938, as amended, using the previous 3-year moving average as a base.

The bill, Mr. President, would allow fluctuations in the prices of tobacco based on changes in the costs farmers must bear in producing tobacco.

The Tobacco Subcommittee of the House Agriculture Committee has held two hearings on H.R. 9664, an identical bill to S. 2845. There was no opposition whatever expressed to the proposal during these hearings.

Last week, the House passed H.R. 9664 without dissent, and I hope the Senate will do likewise today.

I ask unanimous consent, Mr. President, that the report of the Department of Agriculture on S. 2845 be printed in the RECORD at this point.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,  
OFFICE OF THE SECRETARY,  
Washington, February 2, 1960.

HON. ALLEN J. ELLENDER,  
Chairman, Agriculture and Forestry Committee, U.S. Senate.

DEAR SENATOR ELLENDER: This is in reply to your request for a report on S. 2845, a bill to stabilize the price support of tobacco.

This Department is not opposed to the passage of this legislation.

Our primary concern is the U.S. tobacco producer. In view of this basic concern, we have for some time been analyzing the effects of the current tobacco program. Also, Members of Congress, tobacco leaders, and other allied interests have been studying the op-

erations of the tobacco program. Out of these studies has come general recognition that we are losing markets at home and abroad. The primary reason for this loss is that year after year the use of 90 percent of parity under the modernized parity formula resulted in raising the tobacco support prices.

The U.S. Department of Agriculture for the past 2 years has conducted an aggressive educational campaign among tobacco farmers, farm organizations, tobacco congressional leaders, and other allied tobacco interests. The basic facts needed for a realistic tobacco program designed to discourage homogenization in the domestic industry and expand rather than continuously contract our export trade have been made available. Although the United States can produce, competitively, tobacco with a flavor and aroma that cannot be duplicated anywhere else in the world, we are losing our percentage of the export markets at a time when tobacco consumption worldwide is annually increasing at the rate of 5 percent.

Although during the past 7 years farmers have received record average prices and record incomes from the production of tobacco, the Department feels that if we had kept our fair share of the world market at slightly lower prices, our increased production would have given our tobacco farmers an even greater net farm income.

This bill is primarily a recognition by all industry leaders of the deleterious effects on the tobacco producers of the constant increases in support prices under the operation of the present program. While this bill does not go as far as we would like, it is a step in the right direction. Basically, we feel that the tobacco legislation which we recommended in 1959 more nearly meets the problems of the entire tobacco industry. We are not opposed to passage of this legislation because of the following:

1. Our primary interest is the 800,000 farm families that look to tobacco for a major portion of their farm income. The present tobacco program with its built-in formula of ever-increasing levels of price support is speeding homogenization at home and rapidly shrinking our domestic market. Continuation of the present program for another 5 years would critically aggravate the economy of the American tobacco farmer.

2. This legislation eliminates two factors, not related to the cost of production, that are pyramiding the level of support. The use of the average of the last 3 years' index of prices paid by farmers as provided in this bill offers a substantial measure of stabilization.

3. Tobacco leaders, farm organization leaders, association officials, and their representatives in Congress have demonstrated in 1959 and again in 1960 their willingness to accept realistic quotas as provided by law. The Department has received complete cooperation from the tobacco industry in the disposition of CCC loan stocks. Since January 1, 1959, when loan stocks exceeded 1 billion pounds, 30 percent of these holdings by Commodity Credit Corporation have been absorbed by the industry, and it is expected that another 30 percent will be absorbed in 1960.

4. Under this legislation it is expected that the Commodity Credit Corporation will have substantially less funds invested in the tobacco support price operations than would otherwise be invested.

5. Stabilized prices will tend to prevent further loss of markets at home and abroad.

6. This legislation is supported by all farm organizations; warehouses and processing groups; export dealers; and the domestic industry of the United States.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. T. BENSON,  
Secretary.

Mr. JORDAN. Mr. President, the Senator from Kentucky [Mr. COOPER], the coauthor of the bill, who has worked very hard on it, is delayed by the weather. I understand his plane is over Washington, but cannot land. I am deeply regretful that that is the situation. However, he has prepared a statement on the bill, and I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

### STATEMENT BY SENATOR COOPER

I was glad to sponsor with the Senator from North Carolina [Mr. JORDAN] Senate bill 2845, to stabilize and protect the price support level for tobacco. This bill has the support of all the tobacco grower organizations, all farm groups in the tobacco States, and, in fact, I know of no opposition whatsoever to the bill. It is a nonpartisan measure, which was also introduced in the House on January 18, the same day that Senator JORDAN and I introduced S. 2845 in the Senate.

This measure makes a technical change in the computation of the price support formula for tobacco. It provides that the support level for the 1960 crop of tobacco shall be the same as for the 1959 crop. For 1961 and subsequent crops of tobacco, the support level would change only to reflect changes in farmer's costs.

Last year the Senator from North Carolina and I introduced a bill with a similar objective, S. 1901, which passed the Senate, and was then passed by the House, but was vetoed. The bill before the Senate today is designed to accomplish the same purposes, but has not met with any objection.

This bill does not change the basic tobacco program, which has been the most successful of the price support programs. It does not abandon the parity concept; in fact it relates the price support level of tobacco even more directly to farmer's costs. It does not in any way move toward "flexible" or discretionary price supports for tobacco.

This bill will maintain the present tobacco program. It will insure continued good prices for tobacco growers—which in recent years have been the best on record. By stabilizing the level of price support it will give buyers of our tobacco, both abroad and in this country, assurance of dependable prices so that they can make their plans. All who have studied the problem agree that in this way it will stimulate exports, and encourage larger markets for American leaf.

The need for this legislation was caused by the operation of two technical features in the computation of the modernized parity formula, which was not designed for tobacco, but primarily for crops under flexible price support plans. The first of these features is the moving 10-year average market price of the commodity. In the case of tobacco, which has had a successful program with good prices, this meant an automatic increase each year in price support levels—which in future years could have gone to a point which would have discouraged export sales of tobacco. The second feature of the "modernized parity" formula was a connection with the price of other commodities, which resulted in an increase in the price support for tobacco because farm prices generally declined. By eliminating these two unexpected results of the modernized parity formula, this bill will keep the tobacco program based on its own parity—which is what the tobacco growers want.

I sponsored the amendment in 1948, in which Senator Barkley later joined, which first established permanently in law the price support program for tobacco. I have fought for the tobacco program every year that I



have been in the Congress. I am proud that it continues to be the most successful price support program, that it has not resulted in any substantial loss to the Government or cost to the taxpayers, and that it has resulted in fair prices for the farmers.

I am glad to have had part in sponsoring this legislation, and also that of last year—which I am sure prepared the way for approval of the measure the Senate will pass today.

The bill H.R. 9664, which was passed by the House last Tuesday, is identical to the bill introduced by Senator JORDAN and myself on January 18, and which I reported from the Committee on Agriculture on behalf of the junior Senator from North Carolina [Mr. JORDAN] last Monday, February 8. I am glad that the House was able to act quickly on the bill introduced by the chairman of the Tobacco Subcommittee, Congressman WATKINS M. ABBITT.

Now that the House has passed the companion bill to S. 2845, the parliamentary situation is that the most expeditious way of getting the tobacco bill before the President, and enacted into law, is for the Senate to substitute the measure passed by the House for our bill.

I urge that it be passed by the Senate without objection.

I want to pay my especial tribute to the distinguished junior Senator from North Carolina [Mr. JORDAN]. He has worked unceasingly to secure the passage of this legislation to aid all tobacco growers, and to strengthen the tobacco program. He is a true friend and supporter of—and an effective legislator for—the farmers of North Carolina and tobacco farmers everywhere. I am glad to work with him.

I also wish to call attention to the work of my colleague from Kentucky, Senator MORTON, who is a cosponsor of S. 2845, and who has supported this legislation before the executive branch of the Government as well as in the Senate.

Senator MORTON and I discussed this measure with the White House, the Bureau of the Budget, and the Department of Agriculture before the official executive branch report on it was sent to the Senate and House Committees on Agriculture. After the Senate has passed the bill, we will ask the President to give it his full consideration, and to approve it.

I believe this bill will be approved by the President, and will become law.

Mr. JORDAN. Mr. President, I ask unanimous consent that the bill, S. 2845, be laid aside and that the Senate proceed to the consideration of H.R. 9664, which has been passed by the House. It is identical with S. 2845.

The PRESIDING OFFICER. The Chair is informed that there is an identical House bill. The clerk will report the House bill.

The LEGISLATIVE CLERK. H.R. 9664, to stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustments in such levels in relation to farm cost.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the House bill and, without objection, the Senate bill will be indefinitely postponed.

The bill (H.R. 9664) is before the Senate, and open to amendment.

Mr. TALMADGE. Mr. President, I rise to support the pending bill, which has been passed by the House. A similar bill was also reported unanimously by the Senate Committee on Agriculture. The tobacco industry is one industry

which is unified in its proposed legislation. The pending bill is designed to give the American tobacco producers a greater share of the world market, which they have been losing to an alarming degree in recent years.

The Department of Agriculture is not opposed to the bill. A similar bill was passed last year by Congress, but because of the opposition of the Secretary of Agriculture, that bill was vetoed.

The proposed legislation this year has been changed somewhat since that time, and I have high hopes that it will receive the support of the White House.

I would not wish to take my seat without commending the distinguished junior Senator from North Carolina [Mr. JORDAN], who has worked so diligently to secure the passage of the pending bill. All the tobacco farmers and the tobacco industry in all areas of the country support the bill. Passage of the bill will be helpful to our industry, and I hope the Senate will give it unanimous approval.

Mr. RUSSELL. Mr. President, I wish to associate myself with the remarks of my distinguished colleague in paying tribute to the distinguished junior Senator from North Carolina [Mr. JORDAN]. Certainly he deserves a large share of the credit for his tireless promotion of the proposed legislation, which, if passed, will be of great benefit to our tobacco producers, particularly the producers of flue-cured tobacco.

Mr. TALMADGE. My able senior colleague is entirely accurate in his appraisal of the great efforts of the Senator from North Carolina [Mr. JORDAN].

Mr. JOHNSON of Texas. I should like to associate myself with the statement of the two able Senators from Georgia, particularly the statement of the senior Senator from Georgia [Mr. RUSSELL], with respect to the diligent efforts and the effective work done by the very able Senator from North Carolina [Mr. JORDAN].

I know of no Member of the Senate who is more trusted and who is more respected or who more effectively discharges his duties as a Senator than the distinguished junior Senator from North Carolina [Mr. JORDAN]. He deserves a great deal of credit.

Mr. JORDAN. I thank the two distinguished Senators from Georgia and the Senator from Texas for their very kind remarks.

Mr. ERVIN. Mr. President, the pending bill is a very meritorious measure. The fight for its enactment has in a very large measure been carried on by my colleague from North Carolina, Senator JORDAN. I wish to commend him on the great fight he has led to give economic stability to the growers of tobacco in our State. He deserves the thanks of our people for his fine service in this respect.

Mr. JORDAN. I thank my distinguished senior colleague.

Mr. AIKEN. Mr. President, I think we all know that the distinguished Senator from Kentucky [Mr. COOPER] has been a very ardent supporter of tobacco growers during the many years he has been a Member of the Senate. He had planned to make some remarks about

the bill on the floor this morning, but I understand he is caught in an air traffic jam over the Washington Airport. His plane has not been able to land in time for him to come here before the passage of the bill, which I believe will be very soon.

The Senator from Kentucky [Mr. COOPER], together with the Senator from North Carolina [Mr. JORDAN], has been very instrumental in getting the bill as far as it has gone, up to the point of ultimate passage. I think the national interest will be served by the enactment of the bill. I compliment the sponsors of the bill, the Senator from Kentucky and the Senator from North Carolina, for piloting it so far.

Mr. President, I wish I could say that another bill, which passed the House last week, could also be acted on at this time, but we have not seemed to have the same good fortune with it. That is the school milk bill, which was passed by the House the day before the tobacco bill. It would provide funds for continuing the school milk program for the rest of this fiscal year at the proper level, and also for the next fiscal year.

Because of a shortage of funds, it was necessary to order a reduction in Federal payments per pint under the special school milk program. This was to be effective March 1 but has been extended to April 1. The House has passed the bill. It provides adequate funds and authority to continue the program for the next 2 years, although it is not entirely the same as the Senate bill which is under consideration by the Senate committee.

I hope the Senate may see fit to pass the school milk bill at a very early date, so that it will not be necessary to cut back the program for very long.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was read the third time.

Mr. DIRKSEN. Mr. President, I think it is generally recognized that this bill represents a modest step in the right direction and deals with a very difficult problem. The loss of our export markets, which has been a progressive occurrence, and continues, as it has continued over a long period of time, has obviously warranted some action in this field.

I feel certain that the sponsors of the bill would want to go much further, if they could, but the bill before the Senate has acceptability, so far as the administration is concerned. I hope, therefore, that it can be enacted and signed by the President at the earliest possible date.

Mr. KEATING. Mr. President, I wish to add a word to what the distinguished Senator from Vermont [Mr. AIKEN] has said about the Senators from Kentucky [Mr. COOPER and Mr. MORTON], concerning their great interest in the tobacco bill. I was with them in Louisville last Saturday night. I can testify of my own knowledge to the stormy conditions in that area. I know that both the Senators from Kentucky are keenly interested in passage of the tobacco bill. I also am deeply interested in it, and I commend both of them upon the fine efforts they



have made together with our colleagues from North Carolina.

Mr. DIRKSEN. Mr. President, I, too, commend both sponsors in absentia, especially the distinguished senior Senator from Kentucky [Mr. COOPER], who has labored so long and earnestly with the distinguished Senator from North Carolina [Mr. JORDAN] on this measure.

Mr. JAVITS. Mr. President, will the distinguished Senator from Vermont yield for a question?

Mr. AIKEN. I yield.

Mr. JAVITS. I notice the bill is based upon the concept both of parity and the cost of things farmers buy. Does this portend any fundamental outlook upon farm price policy, to which we shall have to address ourselves at this session, or is the measure specially tailored to this particular situation, in which, as the Senator from Vermont has so eloquently said, the Senator from Kentucky [Mr. COOPER] and the Senator from North Carolina [Mr. JORDAN] have been so deeply interested?

Mr. AIKEN. I am not one of the sponsors of the bill, coming, as I do, from a State which has an allotment of only 7 acres of tobacco for the entire State. I believe the bill is tailored to meet the tobacco situation. The Senator from North Carolina [Mr. JORDAN], who together with the Senator from Kentucky [Mr. COOPER] has sponsored the bill, is undoubtedly better qualified to explain the details of the measure.

Mr. JORDAN. I did not hear the Senator's question.

Mr. JAVITS. My reason for addressing the Senator from Vermont is that he is known, upon this side of the aisle, anyhow, as being a great expert in farm legislation. I was really not so much concerned about the tobacco price-support situation as I was about any general principle which will apply to farm legislation, in which I believe representatives of States like my own, having large numbers of consumers, have to take a real interest.

Mr. AIKEN. I may say to the Senator from New York that the bill is based on the cost of production; it is not based on the parity price or support level as a percentage thereof.

Mr. JAVITS. May I ask the same question of the Senator from North Carolina? Is the measure tailored specifically to the problem of tobacco, or does it portend some fundamental decision on how we will handle farm-price supports for majority commodities?

Mr. JORDAN. The bill deals only with tobacco; it does not deal with any other product.

Mr. JAVITS. I understand; but also, I should like the legislative record to show that there is no intention here to set a precedent of policy concerning how other major commodities will be dealt with. Is that correct?

Mr. JORDAN. That is correct.

Mr. JAVITS. I thank the Senator.

Mr. KEFAUVER subsequently said: Mr. President, I ask unanimous consent to have printed immediately prior to the vote on the passage of the bill a statement I have prepared on the subject.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR KEFAUVER

I joined in sponsoring this bill because I am convinced that stabilization of tobacco prices is in the best interests of the Nation's 800,000 tobacco growers.

The most remarkable feature of this bill is the use of a 3-year moving average in the computation of support prices. Until now, the level of support has been pyramiding and this pyramiding has resulted in the loss of markets. The use of the average of the last 3 years' index of prices paid by farmers as provided in this bill offers a substantial measure of stabilization which would tend to prevent the further loss of markets at home and abroad.

Leaders of the tobacco industry are unanimous in their support of this measure; in my conversations with tobacco growers I have been impressed by this unanimity. The Burley Stabilization Cooperative and the Eastern Dark-Fire-Cured Tobacco Growers Association of Tennessee have joined with other growers' groups representing all tobacco-growing areas of the country in supporting this bill.

I urge its passage.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 9664) was passed.

Mr. JORDAN. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. JOHNSON of Texas. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Senate bill 2845 is indefinitely postponed.

Mr. COOPER subsequently said: Mr. President, earlier today the Senate passed a bill to protect and stabilize the level of price support for tobacco which was introduced in the Senate by the junior Senator from North Carolina [Mr. JORDAN] and myself, my colleague from Kentucky [Mr. MORTON], the senior Senator from North Carolina [Mr. ERVIN], the Senators from South Carolina [Mr. JOHNSTON and Mr. THURMOND], the senior Senator from Tennessee [Mr. KEFAUVER], and the junior Senator from Virginia [Mr. ROBERTSON]. The House bill, an identical bill, H.R. 9664, introduced by Congressman ABBITT, of Virginia, was substituted and passed the Senate.

This morning my colleague, Senator MORTON, and I left Louisville for Washington by airplane in order to be in the Senate when Senate bill 2845 would be called up for passage. Our plane arrived over the Washington National Airport on time, at 12 noon, but could not land until 1 hour later. Only one runway was clear of snow and ice and planes were required to circle the airport until safe landing could be assured.

The Senate Committee on Agriculture and Forestry reported the tobacco bill, S. 2845, last Monday without dissent. The bill was then cleared by the leadership of both parties, and there was no objection to its passage. Senator MORTON and I had conferred with officials of the Department of Agriculture, the Bureau of the Budget, and the White

House, and there was no objection to the bill from the executive branch of the Government.

But as the civil-rights debate was scheduled to begin at 1 o'clock today, it was necessary that S. 2845 and the House bill be passed before that time. With this in mind, I had sent word to Senator JORDAN before I left Louisville not to postpone consideration of S. 2845.

I appreciate the courtesy of Senator JORDAN in placing my statement on the tobacco bill in the RECORD during the discussion supporting the bill. I have worked closely with him on this legislation, both last year and this year, and it has been a pleasure to join with him in working for the interests of our tobacco growers, as well as with the other cosponsors of S. 2845, my colleague, Senator MORTON, and Senators ERVIN, JOHNSTON, THURMOND, KEFAUVER, and ROBERTSON.

My colleague, Senator MORTON, a joint author of the bill, supported it strongly before the executive branch of the Government as well as in the Senate. He deserves great credit for his effective work for enactment of this important tobacco legislation.

I am glad that this bill, which represents months of steady work by tobacco growers and their representatives and by the congressional delegations of both parties from the tobacco States, has now passed both the House and the Senate and is on its way to the President for his approval.

I believe that it will be approved and will be signed into law.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 623. An act to provide a 2-year extension of the existing provision for a minimum wheat acreage allotment in the Tulare area of California;

S. 713. An act to revise the boundaries of the Zion National Park in the State of Utah, and for other purposes; and

S. 2379. An act to donate to the Nez Perce Tribe of Idaho approximately 11.25 acres of Federal land in Idaho County, Idaho.

#### ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 8171) amending the act of February 20, 1931, as amended, with respect to a rail transit crossing across the Bay of San Francisco, and it was signed by the President pro tempore.

#### ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today it stand in recess until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.







Public Law 86-389  
86th Congress, H. R. 9664  
February 20, 1960

AN ACT

To stabilize support levels for tobacco against disruptive fluctuations and to provide for adjustment in such levels in relation to farm cost.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That title I of the Agricultural Act of 1949, as amended, is hereby further amended by adding at the end thereof a new section 106, as follows:

"SEC. 106. Notwithstanding any of the provisions of section 101 of this Act: (a) For the 1960 crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be the level at which the 1959 crop of such kind of tobacco was supported, or if marketing quotas were disapproved for the 1959 crop of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect. (b) For the 1961 crop and each subsequent crop of any kind of tobacco for which marketing quotas are in effect, or for which marketing quotas are not disapproved by producers, the support level in cents per pound shall be determined by adjusting the support level for the 1959 crop of such kind of tobacco, or if marketing quotas were disapproved for the 1959 crop of such kind of tobacco, the level at which the 1959 crop of such kind of tobacco would have been supported if marketing quotas had been in effect, by multiplying such support level for the 1959 crop by the ratio of (i) the average of the index of prices paid by farmers, including wage rates, interest, and taxes, as defined in section 301(a)(1)(C) of the Agricultural Adjustment Act of 1938, as amended, for the three calendar years immediately preceding the calendar year in which the marketing year begins for the crop for which the support level is being determined to (ii) the average index of such prices paid by farmers, including wage rates, interest, and taxes for the calendar year 1959."

SEC. 2. Section 101(e) of the Agricultural Adjustment Act of 1949 (63 Stat. 1051; 7 U.S.C. 1441(e)) and section 2 of the Act of July 28, 1945, as amended (59 Stat. 506; 7 U.S.C. 1312 note) are hereby deleted.

Approved February 20, 1960.

Tobacco.  
Support levels.  
7 USC 1441 and  
note, 1443, 1444.

52 Stat. 31.  
7 USC 1301.

74 STAT. 6.  
74 STAT. 7.







